



# *Implementation of SA8000 in Indian Garment Manufacturing*

*- a socio-economic assessment of the impacts on  
working conditions and business practices*

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# *Implementation of SA8000 in Indian Garment Manufacturing*

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*Implementering av SA8000 inom indisk klädtillverkning  
– en socio-ekonomisk bedömning av dess inverkan på arbetsförhållanden och företagsverksamhet*

*Linda Fredricsdotter  
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Uppsala, Sweden, June 2006

*Ingrid Stigzelius & Linda Fredricsdotter*

# Abstract

The garment industry has faced a constant chase for low prices, which has led to an outsourcing to developing countries where the production costs are comparatively low. In these countries, however, the workers' conditions are often forgotten. It is not unusual with low wages and extensive overtime work in an environment that is directly hazardous to the worker. In an attempt to improve the social conditions, many companies have adopted codes of conduct and social standards. Although the codes and standards may lead to improvements for the workers, they have led to additional costs for the supplier factories. In order to reach a sustainable business practice, factories need to develop both economically and socially. This study explores local-level experiences of SA8000 in Indian garment manufacturing by examining the impacts of implementation on the business practices and working conditions. The results of the study are based on case studies in Bangalore and Tirupur in South India. During the implementation, the major obstacles were effective communication of the standard at all levels in the factory and the costs involved in meeting the requirements of the standard. The major benefits are primarily expressed in social terms, while the suppliers would need a higher price or long-term contracts from the buyers to economically motivate the implementation. It is suggested that all concerned stakeholders are engaged in the process through a continuous mutual dialogue in order to promote both economic and social development in a sustainable manner.

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**Key terms:** garment, SA8000, codes of conduct, social standards, social compliance, multi-stakeholder initiative, corporate social responsibility, management systems, sustainable development

# Sammanfattning

Inom textilindustrin pågår en ständig jakt efter låga priser vilket har lett till en förflyttning av produktion till utvecklingsländer där kostnaderna fortfarande är låga. Detta leder till att arbetarnas situation ofta åsidosätts. Det inte är ovanligt med låga löner och mycket övertidsarbete i en arbetsmiljö som är direkt farlig för arbetaren. I ett försök att förbättra de sociala förhållandena har många företag antagit uppförandekoder och sociala standarder. Även om dessa koder och standarder leder till förbättringar för arbetarna så har de också resulterat i ökade kostnader för textilfabrikerna. Fabrikerna behöver utvecklas både ekonomiskt och socialt för att kunna uppnå en hållbar företagsverksamhet. Denna studie undersöker erfarenheter av SA8000 inom Indiens klädtillverkning genom att studera implementeringen och dess inverkan på såväl företagsverksamhet som arbetsförhållanden. Resultatet av studien är baserat på fallstudier i Bangalore och Tirupur i södra Indien. Under implementeringsprocessen var det största hindret att kommunicera standarden till alla nivåer i företaget samt att täcka kostnaderna för att nå upp till standardens krav. De största förmånerna med standarden uttrycks framförallt i sociala termer, medan leverantörerna skulle behöva ett högre pris för sina varor eller långsiktiga kontrakt från inköparna för att känna sig ekonomiskt motiverade att implementera SA8000. Det är viktigt att alla berörda intressenter engageras i processen genom en fortlöpande dialog för att stimulera både en ekonomisk och social utveckling.

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**Nyckelord:** kläder, SA8000, uppförandekoder, sociala standarder, efterlevnad av sociala uppförandekoder/standarder, multi-intressentinitiativ, företags sociala ansvarstagande, företagsledningssystem, uthållig utveckling

# Abbreviations

CCC	Clean Clothes Campaign
CoC	Code of Conduct
CSR	Corporate Social Responsibility
ETI	Ethical Trading Initiative
ILO	International Labour Organisation
ISO	International Organization for Standardization
MFS	Minor Field Study
MNC	Multi-National Corporation
MNE	Multi-National Enterprise
MSI	Multi-Stakeholder Initiative
NGO	Non Governmental Organisation
SAI	Social Accountability International
SA8000	Social Accountability 8000
UDHR	UN Universal declaration of Human Rights
UN	United Nations
WBCSD	The World Business Council for Sustainable Development
WRAP	Worldwide Responsible Apparel Production



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# 1 Introduction

A growing number of companies within the garment industry outsource the manufacturing of clothing to independent suppliers around the world, since the wages for garment workers differs largely between countries (Beauchamp & Bowie, 2001; Young & Welford, 2002; Mamic, 2004). This has contributed to a global price race. Within the garment industry the production orders are often given at very short notice, which makes it hard for producers to make any long-term planning (Barrientos, 2002). In response to this, the producers use a lot of compulsory overtime and a flexible workforce in order to be able to produce according to the changing orders and low prices. There is always someplace where clothing still can be made more cheaply - and in this race for low prices the conditions of the workers and their environment are often disregarded.

In an attempt to improve working conditions, an increasing number of companies have developed codes of conduct that functions as a framework for enforcing the national laws (Young & Welford, 2002; Stahl & Stålmärker, 2002; Adam & Rachman-Moore, 2004). These codes of conduct are statements that encompass the company's ethical practices and its responsibilities to uphold human rights, labour and environmental standards in all its operations and the operations of its suppliers. Codes of conduct are a useful tool in Corporate Social Responsibility (CSR) in order to achieve improvements in labour conditions. CSR is a concept of business ethics where corporations have a responsibility not only for the financial, but also the social and environmental impacts of their business practices. Using CSR in the supply chain management is thus seen as a step towards more sustainable business practices.

While the suppliers face an increasing demand for social compliance, quality and timely delivery, the prices of garments in the western world have stagnated – also the end customers chase low prices (Video, Bjurling & Ekelund, 2002). The suppliers in the developing countries are facing a constant increase of requirements to comply with, while the prices they get for the products are pressured to the very limit. It is hard to invest human, technical and financial resources in order to meet the new requirements when there are no additional guarantees for future profit. Implementing a code of conduct would thus just be another cost for the supplier factory.

Although many companies have undertaken codes of conduct with good intentions, they may not be thoroughly implemented into the business practices and this might result in less beneficial outcomes for both supplier factories and workers (Dent, 2002; Internet, PiC 1, 2006; Internet, SAI 1, 2006). In order for the implementation to be successful it requires full participation and awareness of the workers, which may lead to an increased commitment and hence a higher productivity.

The human rights organization Social Accountability International, SAI, has developed an international standard called Social Accountability 8000, SA8000 (Internet, SAI 1, 2006). The standard is considered to be a multi-stakeholder initiative, which includes workers,

employers, trade unions, Non Governmental Organizations (NGOs), academia and certifying bodies in its implementation.

## 1.1 Problem formulation

How can SA8000 ensure a higher degree of understanding and participation among the workers and thereby lead to better social conditions, while also deriving enhanced business benefits for the factories? In order to address this problem, the following themes of questions were identified:

- What are the motives for implementing SA8000 for the supplier factories?
- What are the workers' knowledge and understanding of the standard?
- What were the major obstacles during the implementation process?
- What benefits and costs have the implementation of SA8000 led to?
- What role do stakeholders play in the implementation process?

## 1.2 Aim & demarcations

This study aims to explore local-level experiences of SA8000 in Indian garment manufacturing by examining the impacts of implementation on the business practices and working conditions. The potential benefits derived through a successful implementation may provide incentives for other companies to implement and sustain the same standards in a continuous manner.

The whole supply chain in garment production process normally involves cotton production, spinning, knitting, dyeing and finally stitching (Internet, Gossypium, 2005). The focus of the study is at the supplier level and on the last production unit where the actual garment is manufactured. It is the managements' and the workers' perception of the standard that is of interest, rather than the actual mathematical data related to the implementation. The study also considers some of the different stakeholders that may be involved in the implementation of SA8000, such as NGOs and trade unions, but the focus is on the relationship between management and workers in the local context of garment manufacturing.

## 1.3 Outline

Chapter one sets out the scene and formulates the problem, aim and demarcations of the study. The thesis subsequently goes through the chosen method and approach to the case studies. Chapter three provides an explanation of the central concepts in the study, while chapter four gives a theoretical framework with models that later will be used as analytical tools. The reader is then given some background knowledge for the empirical study in chapter five, after which the empirical findings of the case studies are presented in chapter six. This is altogether being analysed and discussed in chapter seven. In chapter eight the conclusions are drawn in relation to the aims of the study. In the epilogue we will explain some of the limitations of the study and point out some potential areas for further research.

## 2 Method

*This chapter provides a description of the method that is being used in the study with explanations of the choice of method, choice of case studies and interview techniques. It will give an insight into the research process and how we have tried to avoid potential pitfalls.*

### 2.1 Choice of method

While a quantitative research approach tries to obtain precise and accurate results through statistical sampling methods, the qualitative research foremost seeks to explore the meanings of people's worlds and the nature and causes of individual behaviour (Brockington & Sullivan, 2003). It seeks to understand the world through interacting with, empathising with and interpreting the actions and perceptions of its actors. Qualitative research tends to collect data in natural settings, rather than artificial and constructed contexts, such as laboratories. It also tends to generate theory rather than test it. Qualitative methods build up theories from observations instead of testing theories by trying to falsify their propositions. A variety of techniques can be used in qualitative methods, from participant observation to semi-structured interviews, oral histories and group discussions.

A qualitative research method was used during the three months study in 2005-2006. Multiple cases were studied by a collection of data from a number of sources in a natural and contemporary setting (Yin, 1991). Through interviews with management, workers and different stakeholders involved in the garment industry we have tried to make an interpretation of their actions in relation to the implementation of SA8000. The desire was to explore and understand the processes of the implementation and its impacts on all involved actors.

### 2.2 Choice of case studies

The empirical material is based on case studies in Bangalore and Tirupur, two of the main centres for textile production in South India. Bangalore is situated in southern Karnataka, which borders to northern Tamil Nadu where Tirupur is located. The case studies are primarily built on interviews with responsible managers and workers in seven factories in different stages of SA8000 implementation. In addition, interviews with buyers, trade unions and non-governmental organisations have also been conducted.

In India, there are currently 53 garment facilities that are certified with SA8000 (Internet, SAI 3, 2006), which of 9 are located in Bangalore and 27 in Tirupur. However, the list of certified facilities may not be complete as there are many facilities that currently are undergoing the implementation of SA8000 and some have recently been certified. Interviews were conducted at seven garment factories located in the Bangalore and Tirupur areas. In each factory, interviews were conducted with both members of management and workers. Some limiting criteria for selection of the factories were:

- *SA8000* – all factories were in the process of implementing SA8000 or were already certified.
- *Product* – since our focus for the study was the garment industry all visited factories operated within that area.
- *Size* – to get a broad picture of how the implementation process may differ with regards to the size of the factories, the factories under study varied between 100 - 2 000 employees.
- *Location* – because of time and budget constraints, the factories needed to be located within close proximity to Bangalore and Tirupur.
- *Availability* – due to the sensitivity within the industry, it was often hard to be granted access to the factories, especially permission to interview the workers since the interviews were carried out during working hours.

In the visited factories, interviews were made with one or two members of the management and between 5 and 25 workers in each factory, depending on time and availability. In total, some 11 managers and 85 workers were interviewed. In all possible cases the interviews were conducted with the member of management who was responsible for the implementation of SA8000, often the human resources officer, and also the workers' representative for the standard. A translator who knew the local language was used during the worker interviews. The workers interviews were conducted inside the factory. Although no one except the interviewees, the translator and us could hear the conversation during the interview, the answers could have been affected by the presence of management and staff inside the factory, and hereby the workers could have been afraid of giving truthful answers. The interviews with the management were focused on the implementation process while the target of the workers interviews was the awareness of SA8000 among the workforce.

In order to get a broader picture of the subject we also made interviews with different stakeholders like trade unions, NGOs and buying houses. We attended a conference in Bangalore<sup>1</sup> with several NGOs that discussed the possibility of reaching a common living wage standard throughout Asia. This gave us further useful contacts with NGOs active in the garment industry. Through participatory observation we followed an auditor in a factory so that we could get an understanding of the auditing process and the problems involved. Two different auditors were also interviewed as a reference point, but they were however not within the scope of our study. In addition, we also visited units for printing, weaving, dyeing and bleaching. Some small garment factories were also visited, but in these we were not able to make any extensive interviews. They mainly produce for the local market, and did not follow any codes of conduct or standards at all, but provided a good point of reference to the study. We also met a group of women working for the garment industry in Bangalore who had come to the Garment and Textile Workers Union to talk about their problems. This gave us a good background picture of the actual problems in the industry, although it was not directly used in the study as the workers were not from a SA8000 certified factory.

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<sup>1</sup> First Asia-level consultation on garment sector labour standards. Bangalore, India, 2-4 December 2005.



## 2.3 Interview techniques & question design

The research is a qualitative study based on interviews with a semi-structured character in order to make a deeper dialogue possible with every respondent, and also to encompass a holistic view of the situation. We have been interviewing responsible managers as well as a selection of workers in each case study and also different stakeholders like trade unions and NGOs. A translator has been used in situations where people speak Kannada, Tamil or other local languages.

Interviews can take on all sorts of forms, from open conversations to semi-structured discussions around particular topics, to highly structured questionnaires (Brockington & Sullivan, 2003). Interviews are often categorised according to their structure, where they can be divided into structured or unstructured interviews (Pole & Lampard, 2002). This distinction depends on the extent to which questions are fixed prior to the interview in terms of wording and structure, or by the way questions are posed by the interviewer(s) and what type of questions are asked. Either the questions can be open-ended, which requires an opinion or detailed factual information, or they can be closed questions that will be answered by reference to a pre-determined answering scale.

It is, however, common to use a combination of both structured and unstructured approaches during the same interview. The interviewer may for example use some factual questions, which require a short, standardised or numerical response, while other questions will require an expansive response from the interviewee. While the researcher may need to stick to a predetermined interview schedule, some issues may need further clarification (Pole & Lampard, 2002).

A potential problem with interviewing is the actual recording of the data. It may be both difficult and off-putting to write notes while people are speaking. While tape recording seems fairly convenient during the interview, transcribing or summarising the tape afterwards is time consuming, especially when using a translator (Pole & Lampard, 2002). Since we were two persons that carried out the interviews, one person has concentrated on taking notes while the other one concentrated on the person being interviewed. All of the managers interviewed agreed upon us using a recorder, but they did not want us to record the worker interviews. We followed a general questionnaire, but let many of the questions be open-ended so that the respondent could talk freely about what mattered to them.

The interview guides (see appendix 2 and 3) were reviewed in collaboration with consulting companies active in this field (Four D-Management Consulting Pvt. Ltd.) who gave their perspective on how the questions might be received by management and workers.

All factories and persons involved in the study have been treated with strict terms of confidentiality. In all cases when we use names and information from interviews and visits, the persons involved have granted permission for doing so.

## 2.4 Avoiding pitfalls

In order to get access to the interviewees we needed to get permission from so-called ‘gate-keepers’ (Scheyvens & Storey Ed. 2003). In our cases this was the management of the garment facilities. With the help from Four-D Management Consulting Pvt. Ltd. and their previous contacts in the field, we were introduced to managers and could therefore gain access to their factories to interview them as well as the workers. There is a possibility of conflict between pair of roles, e.g. employer/employee (Pratt & Loizos, 1992). We hope to have made a careful observation and that we have given a description and analysis of the transactions between them, which would satisfy both sides as being accurate and unbiased.

It is also important to use a translator that is not biased. If workers are interviewed, the translator should not be someone who has a vested interest in what the respondent is saying. Respondent may feel insecure about revealing the truth, or the translator may not translate accurately if the information is perceived as ‘wrong’. In some cases it has been hard for us to use a non biased translator due to the management’s reluctance of granting access for an outsider to do the translation. We have mainly used different consultants as translators who have been well oriented about SA8000 and other social standards on the market. This might create a biased situation, as the translator is well informed about the subject, which may lead to more of an interpretation rather than the desired translation. At the same time, the translator’s great knowledge in the subject has helped us to understand the complexity of the interview situation and has brought us closer to the interviewees.

Other sources of bias may be gender and cultural differences. Gender is something that needs to be carefully considered especially in areas that have a strong division between men and women. Men, who often have the power to speak out, may be blind to the interests and working lives of women (Pratt & Loizos, 1992). Hence, we must let women speak for themselves and this might be easier if the translator is female. However, in most cases we could only use a male translator. As we were aware of the potential risk with this, we tried to be careful with how we put forward the questions. There may also be cultural differences, such as age and social origins, which needs some attention especially in India with the caste-system. As a foreign researcher it is important to adhere to the right dress codes and customs. We have tried to be careful with how we appeared and treated the interviewee in order to be respected and receive accurate answers. Due to the culture of gender division in India we have also kept in mind the fact that we are two young women interviewing men in managing positions and this might colour their answers given to us.

### 3 Conceptual framework

*This chapter will give an introduction to concepts and definitions of importance to the study, so that the understanding of the forthcoming chapters will be facilitated regardless of the reader's previous knowledge in the field. An overview of the connections between the concepts is illustrated in Figure 1.*

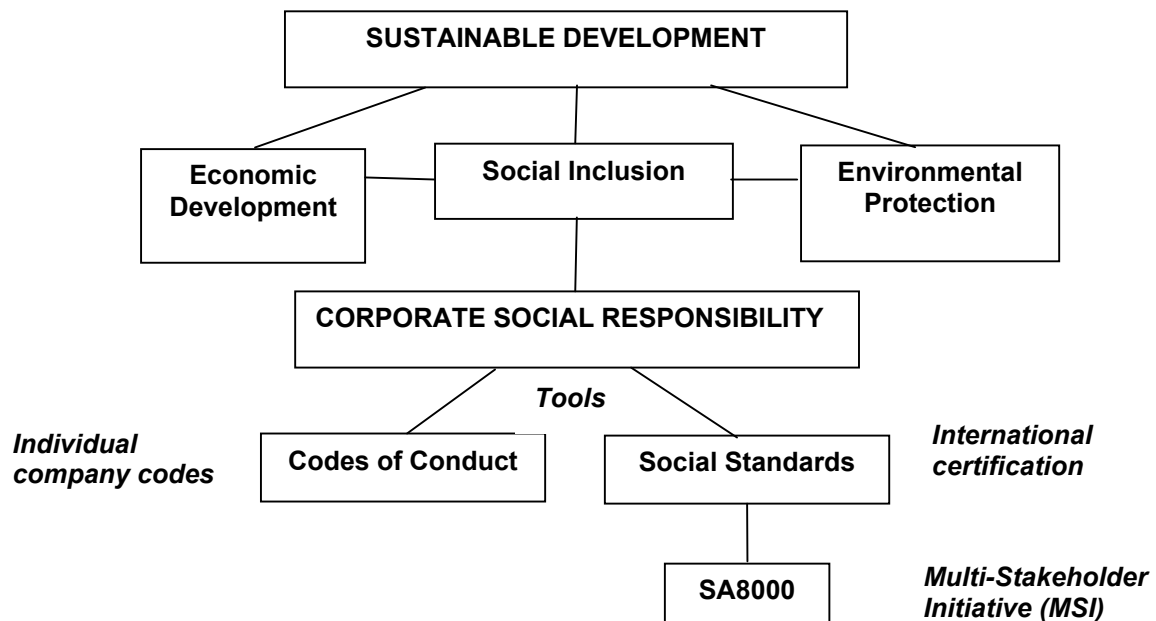


Figure 1: Overview of central concepts.

#### 3.1 Sustainable development

An issue of growing concern within the society is that of *sustainable development* (Karpesjö, 1992). In 1987 the Brundtland Report defined sustainable development as: “*meeting the needs of the present generation without compromising the ability of future generations to meet their needs*” (Charter & Polonsky, 1999:73).

According to Charter & Tischer (2001), business can take into account sustainability by considering economic development, environmental protection and social inclusion (Figure 1). This means that a sustainable business should generate wealth, especially for poorer people, while also securing human rights and avoiding harmful impacts on natural systems from pollution and other environmental impacts (Charter & Tischer, 2001). Environmental issues are closely related to human rights, since working with human rights often contributes to strengthen the environmental protection (Axelsson-Nycander, 1999). The understanding that social and environmental issues have to be seen as a whole is a foundation in the work towards sustainable development, since social and environmental problems often are related and cannot be solved if they are treated isolated from each other.

Environmentally unfriendly ways of production, like hazardous chemicals, often cause an unhealthy working environment (Axelsson-Nycander, 1999). And vice versa, if the natural resources are over exploited, peoples' future ability for support can be undermined. Environmentally unfriendly methods can be replaced only if the economic and social situation is improved with an alternative method. Most organisations still put more work into either social or environmental issues. However, many businesses have realized that it is beneficial to collaborate on these issues, which is broadening the perspective of their own work. In many cases, this is a process that will take a long time to carry out.

## 3.2 Corporate Social Responsibility

Corporate Social Responsibility (CSR) is a commonly used term that refers to the responsibility that businesses have towards not only the financial, but also the social and environmental impacts of their business practices (Internet, SOMO, 2003). In the report 'Making good business Sense' (2000) by the World Business Council for Sustainable Development (WBCSD) CSR was defined as *"the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large "* (Internet, WBCSD, 2006:8).

According to Mallen Baker, Development Director for Business in the Community, CSR is about how companies manage the business processes to produce an overall positive impact on society (Internet, Mallen Baker, 2006). Through the following illustration (Figure 2) Baker shows how companies need to consider two aspects of their operations; the quality of their management (the inner circle); and the nature of, and quantity of their impact on society in the various areas (the outer circle).



Figure 2: *The business in society*, by Mallen Baker (Internet, Mallen Baker, 2006).

What the company actually does, in terms of its products and services, has gained an increased interest among the outside stakeholders (Internet, Mallen Baker, 2006). What are the impacts of the operations on the environment and on local communities and how does the company treat its workforce, are important questions that need to be asked. The quality of management will indicate how companies will manage to answer this call for responsibility.

Meanwhile, research has shown that there are business benefits associated to companies that work closely with their communities, improve their stakeholder dialogue and value their employees (Mamic, 2004). Labour disputes, employee illness or government intervention can lead to disruptions in the production. As companies now often are dependant on shorter delivery times and pressure to reduce costs it is important to maintain good relations with supply chain partners in order to avoid disruptions in the production. This can be achieved through empowering workers to address problems at the source.

While the demands from society on a responsible business practice are increasing, CSR is still only regarded as a voluntary concept of what companies should do above the law (Internet, SOMO, 2003). It is therefore important not to equal CSR with the regulatory instruments at the national and international level. However, the regulations of working conditions through codes of conduct often function parallel to the national labour legislation (Stahl & Stålmarker, 2002).

On the international level the United Nations has been engaged in the issue of CSR quite actively, although the UN has not been able to create an enforceable global code of conduct on CSR (Young & Welford, 2002). However, the UN Secretary Kofi Annan initiated the Global Compact in July 2000, where 50 companies, business associations and civil society organisations signed up to voluntarily embrace, support and enact a set of 9 principles covering the areas of labour standards, human rights and environmental practices (Internet, UN Global Compact 1, 2006). They later also included another principle covering anti-corruption. This initiative has now developed into nearly 3,000 participants with over 2,500 businesses in 90 countries (Internet, UN Global Compact 2, 2006). By creating this platform, the Global Compact encourages new innovative initiatives in the area of corporate responsibility. One important way for companies to demonstrate their responsibility is through setting up their own code of conduct. Once implemented into the business practices, it can be a useful tool in CSR to achieve improvements in e.g. labour conditions.

### 3.3 Codes of conduct

Labour and social issues in international supply chains received an increasing attention and negative coverage from media in the 1990s, which has raised the awareness in these issues among the general public (Mamic, 2004). With the ease of spreading information through websites, many NGOs and workers' representative organisations have also given out reports on labour malpractices in MNCs supply chains e.g. the Clean Clothes Campaign (Internet, CCC, 2006). Since branding has become a vital tool for companies to compete on the global

market, this exposure to the public on child labour and abusive work practices is a threat to companies' brand reputation and position on the market (Mamic, 2004). Enhancing the brand image through positive actions and better labour practices has therefore become a trend among an increasing number of companies. As a way to show what their practices are many companies have formulated their own codes of conduct.

Codes of conduct can be used as guidelines for relations with suppliers and to inform shareholders and the public what its standards are (Young & Welford, 2002). Codes of conduct are "*statements that encompass the company's ethical practices and its responsibilities to uphold human rights, labour and environmental standards in all its operations and the operations of its suppliers*" (Young & Welford, 2002:20).

Codes of conduct are often based on international conventions, such as the UN Universal declaration of Human Rights (UDHR) and the International Labour Organisation (ILO). Initially founded in 1919 by the UN, the ILO was set up to ensure that all nations would adopt humane labour conditions (Murray, 2002). Today, about 180 labour conventions have been developed by the ILO. Out of these a set of 8 labour conventions has been put forward as the core conventions covering *freedom of association* and *the right to collective bargaining*, the elimination of all forms of *forced or compulsory labour*, the effective abolition of *child labour* and the elimination of *discrimination in employment and occupation*. Although most countries have signed these conventions, they are not always followed. Codes of conduct can enforce the conventions and complement the labour laws that already exist, but precaution needs to be taken into consideration so that these codes do not replace the existing laws (Sobczak, 2003).

The clothes sector has seen the greatest development of codes of conduct (Young & Welford, 2002), with Levi's and Nike being among the first MNEs to develop their own company codes (Mamic, 2004). As codes of conduct were becoming widely adopted by companies, the workers at supplier level were however not properly informed of this development (Internet, Women Working Worldwide 3, 2005). At first workers found it very difficult to understand where the codes were coming from, since they had no information about how their workplace linked to a parent company. If codes were to become a useful tool for workers they needed to be able to identify these links.

Shaw & Hale (2002) also argues that one of the key problems with codes is the top-down manner in which codes have been adopted. Often codes have been produced without any negotiation with workers or without an attempt to seek their views. The rapid development of many individual company codes caused confusion among the workers and the consumers. It was difficult to keep track of code provisions, commitments and claims of compliance where no insight was given. Company codes were often developed with minimal participation from other stakeholders while they also lacked independent systems to verify or monitor compliance with the code. It was therefore suspected that the company codes were mere

public relations tools without any real improvements. In response to this, initiatives where stakeholders were brought into the process have emerged.

### 3.4 Multi-Stakeholder Initiatives

Multi-stakeholder Initiatives (MSIs) were developed with the intention to consult a range of stakeholders affected by the business practices, including workers, employers, NGOs and unions (Mamic, 2004). A forum was thereby provided where a broad range of issues could be addressed, such as monitoring and verifying the social compliance with a code of conduct (Internet, SOMO, 2006). The credibility of these initiatives depends on the fact that organizations or individuals that perform the audits are independent from the audited company (Internet, CCC, 2005). Trade unions and NGOs that are represented in the MSI also play a vital role in the credibility of the standards.

An example of a MSI is the Ethical Trading Initiative (ETI) from the UK where an alliance of companies, NGOs and trade unions have worked together to identify and promote good corporate practices (Mamic, 2004). ETI has developed a Base Code that member companies must adopt while also submitting annual reports on their experience of implementing labour standards throughout their supply chains. ETI focuses on information exchange and does not certify performance or set up any audits. In contrary, the MSI Social Accountability International (SAI) accredits monitors that audit factories and certify their compliance with the SA8000 standard. Other MSIs are (Mamic, 2004); the Clean Clothes Campaign (CCC), Fair Labour Association, Forest Stewardship Council, Global Compact, Global Reporting Initiative, Marine Stewardship Council and Workers' Rights Consortium.

### 3.5 Social standards

Internationally there are several industry initiatives that deal with human rights and social standards for different industry sectors. Some of the most commonly spread standards for accountability and reporting are (Ligteringen & Zadek, 2005); Social Accountability 8000 (SA8000), AccountAbility 1000 (AA1000) and the Global Reporting Initiative (GRI). The two former standards give guidance on how to integrate the performance into business practice (Table 1), while the latter one says how to measure and communicate it. Equal to individual codes of conduct, standards are often based on international conventions, such as the UN Universal declaration of Human Rights (UDHR) and the core conventions of the International Labour Organization (ILO). SA8000 differ from company codes of conduct in how they require accredited external auditing companies to audit factories against their standard (Young & Welford, 2002), while they also give out certifications to those who comply with the standard. The proposed ISO 26000 will only work as guidance for social responsibility and will not give out any certifications.

Table 1: *The emerging global architecture* (Ligteringen & Zadek, 2005: 3)

<b>Normative Frameworks</b> (i.e. <i>what to do</i> )	Provide substantive guidance on what constitutes good or acceptable levels of performance	ILO Tripartite Declaration of Principles concerning MNEs UN conventions and declarations on sustainable development issues OECD Guidelines for MNEs
<b>Process Guidelines</b> (i.e. <i>how to measure and communicate it</i> )	Enable measurement, assurance and communication of performance	AA1000 Assurance Standard GRI Sustainability Reporting Guidelines
<b>Management Systems</b> (i.e. <i>how to integrate it</i> )	Provide integrated or issue specific management frameworks to guide the ongoing management of environmental and social impacts	AA1000 Framework ISO 14001 (specialised) ISO 26000 Social Responsibility Guidance (proposed) Social Accountability 8000

A standard can function as a form of regulation directed towards social actors, individuals or organisations (Brunsson & Jacobsson, 2002). Compared to regulation formed by states, standards are mostly voluntary. However, in practice a third party can make it difficult for actors to avoid a standard, such as buyers who may prefer products that comply with particular standards. International standards that are often required by buyers are; the quality system by International Standardization Organization ISO:9000 and ISO:14001 series (Internet, ISO, 2006); WRAP - the Worldwide Responsible Apparel Production (Internet, WRAP 1, 2006) and the Social Accountability International standard SA8000 (Internet, SAI 1, 2006).

### 3.6 Social Accountability International & SA8000

Social Accountability International (SAI) is an international non-profit human rights organisation founded in 1997 with the mission to improve workplaces around the world by developing and implementing socially responsible standards (Internet, SAI 1, 2006). The standard Social Accountability 8000 (SA8000) is applicable on a range of different industries. As of December 2005, 57 different industries are represented with a total of 881 facilities being certified with SA8000 around the world (Internet, SAI 3, 2006).

The standard SA8000 is based on the International Labour Organisation (ILO) standards and U.N. Human Rights Conventions (Internet, SAI 4, 2006). The SA8000 elements covers a range of issues including (SA8000, 2004): *Child Labour; Forced Labour; Health & Safety; Freedom of Association & Right to Collective Bargaining; Discrimination; Disciplinary Practices; Working Hours; Remuneration and Management Systems*. See appendix 1 for more details on the specific requirements of SA8000.

SAI accredits certifying bodies to provide certifications to companies that comply with the standards (Internet, SAI 1, 2006). Facilities seeking to gain and maintain certification must go beyond simple compliance to integrate the standard into their management systems and practices. These standards can help employers develop more effective management systems that have the potential to reduce the risk of accidents and improve productivity (Internet, SAI 2, 2006; Internet, PiC 1, 2006).



### 3.6.1 SA8000 management system

According to SAI a management system is comprised of the structures, procedures and resources used by an organization to achieve its objectives (SA8000, 2004). A management system is also necessary for the proper implementation of a company's policies (Internet, SOMO, 2003). Management systems have a double aim in relation to monitoring and verification activities; to ensure that the labour standards are implemented and monitored, but also to ensure that regular business is structured so that the suppliers can meet the standards they are supposed to uphold.

SA8000 management system is modelled after the quality system ISO 9000, but in contrast to other management systems, SA8000 is focusing on workers' rights and working conditions (SA8000, 2004). The system consists of five stages: *Policy*; *Planning & Implementation*; *Performance Review & Evaluation*; *Corrective Action* and *Communication*. The key processes of an SA8000 management system is illustrated in Figure 3 and described further below.

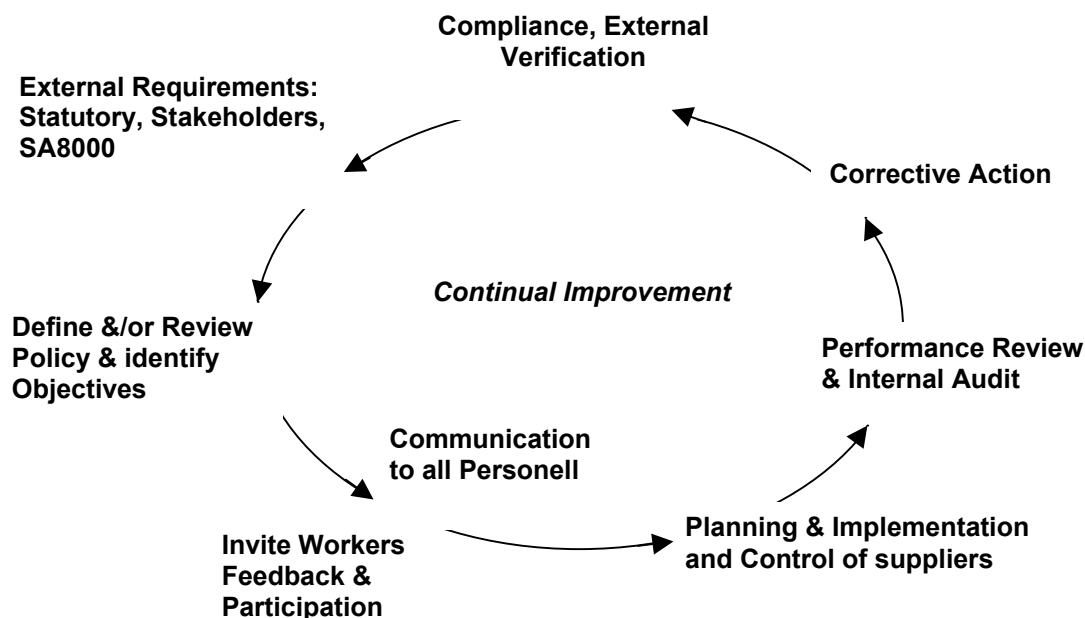


Figure 3: *The key processes of an SA8000 management system* (Modified from SA8000, 2004:128).

It is vital for any company to have a policy, and since SA8000 focus on workers' rights and working conditions the policy is here known as the company's *social accountability policy* (SA8000, 2004). The policy contains the overall goal and objectives, but in the case of SA8000 also the company's commitment to labour rights and working conditions.

In order to carry through the policies at factory level it is important to plan and implement the standard into the structures, procedures and processes of the company (SA8000, 2004).

SA8000 also goes one step further and require “control of suppliers” during the implementation process. To be certified a company must therefore take responsibility for the working conditions beyond its own facilities and must monitor and control suppliers, subcontractors and sub-suppliers to ensure that they also comply with SA8000.

Furthermore, it is essential to have continuous performance reviews and evaluations in order to make sure that the implementation is effective and in line with the company’s policy (SA8000, 2004). By monitoring the process, continuous improvements and corrective actions can be made when the company is out of compliance.

In order for a management system to be effective it needs to be communicated through the whole company, both internally and externally (SA8000, 2004). Through internal regular training and consultation, the personnel at all levels should understand and have access to information on the company’s policies, objectives and procedures in social accountability. Externally, sufficient information should be provided to interested parties so that an independent assessment of the company’s compliance with the standard can be made.

### **3.6.2 Costs and benefits**

A comprehensive management system, such as SA8000, requires major investments in terms of time and money, which can be difficult to bear for small and medium-sized companies (Stahl & Stålmärker, 2002; SA8000, 2004). The cost of acquiring a certification for a factory varies with the number of employees and the location (Internet, Wikipedia 2, 2006). It can range up to 10-12,000 USD for large facilities. An SA8000 certification will last for three years and there will be surveillance audits every six months or once a year depending on if the certification auditor thinks that the facility is performing well (Internet, SA8000 5, 2006). After every three years, the facility must undergo a full certification audit to maintain its certification. No further information about the costs associated with SA8000 implementation is available through the SAI website.

On the other hand, SAI claims that the benefits associated with the system helps the company to improve the operational performance and to become and stay competitive (SA8000, 2004:125). According to SAI the SA8000 Management system leads to an effective management of risks associated with achieving objectives, while it also provides a consistent control of key processes. A facilitation of the communication in the company is offered through a common information base for personnel at all levels. This will also lead to a reduction of administrative, training and operational cost and avoidance of performance gaps and a duplication of efforts. SA8000 will also facilitate the compliance with legislation and standards, since it will institutionalize good working practices. Through reviews and corrective actions the system leads to continual improvements.

## 4 Theoretical framework

*This chapter aims to give the reader an explanation of the theories that will be applied on the empirical findings. It covers previous research on what motives managers might have for incorporating sustainability into business practices and how the implementation process generally is structured. It also introduces a model on how to manage today's and future business practices while holding together internal capabilities and engaging with external stakeholders. This model is later adapted into the business case for SA8000.*

### 4.1 Motives for corporate sustainability

Schaltegger & Buritt (2005) give an overview of the different reasons why business managers address sustainability. There is no one main reason, but rather a whole set of interrelated reasons that vary from purely business reasons to more macro-orientated political and ethical reasons. The motives of relevance to this study are (Schaltegger & Buritt, 2005:201):

- *Legal compliance:* most countries have regulations that require environmental and social consideration in the business practices;
- *Increasing competitiveness:* being pro-active in environmental and social management may give the company an early mover advantage;
- *Managing business risk:* social risks, such as health issues at the workplace, child labour or discrimination may lead to stakeholder reactions. Managing these risks can result in reduced costs;
- *Business opportunities:* product differentiation towards niche markets in e.g. the textile industry can lead to higher sales revenue or increased contribution margins through a greater willingness to pay by the customers;
- *Increasing shareholder value:* the management of sustainability can influence the value drivers of shareholder value;
- *Improving corporate reputation and brand value:* reputation or 'goodwill' is an important intangible asset of a company that represents the perceptions of all its stakeholders;
- *Maintaining legitimacy and 'social license to operate':* business can maintain social acceptance by responding to stakeholder demands and thereby avoid boycotts;
- *Promotion of self-regulation and influence of the future direction of regulation:* industry associations or a group of companies may be enticed to organize sustainability issues themselves rather than facing social pressure or regulations which may cause higher costs than necessary;
- *Role of corporations as drivers of economic and social development:* the recognition of corporations as important drivers of economic and social drivers from management, public administration and government may motivate to engage with corporate sustainable development;
- *Moral commitment of managers and individual employees:* personal values and motivations from business leaders.

All of these motives may play an important role in determining why managers should engage in sustainability issues, and may be the reason behind why some have decided to implement social standards into their business practice.

## 4.2 The implementation process

When implementing codes of conducts many different systems and processes can be used. Mamic (2005:83) addresses four common issues (Figure 4) that usually are covered during the implementation process and they are: *development of a vision; understanding of the vision by employees and suppliers; implementation and monitoring; feedback and improvement.*

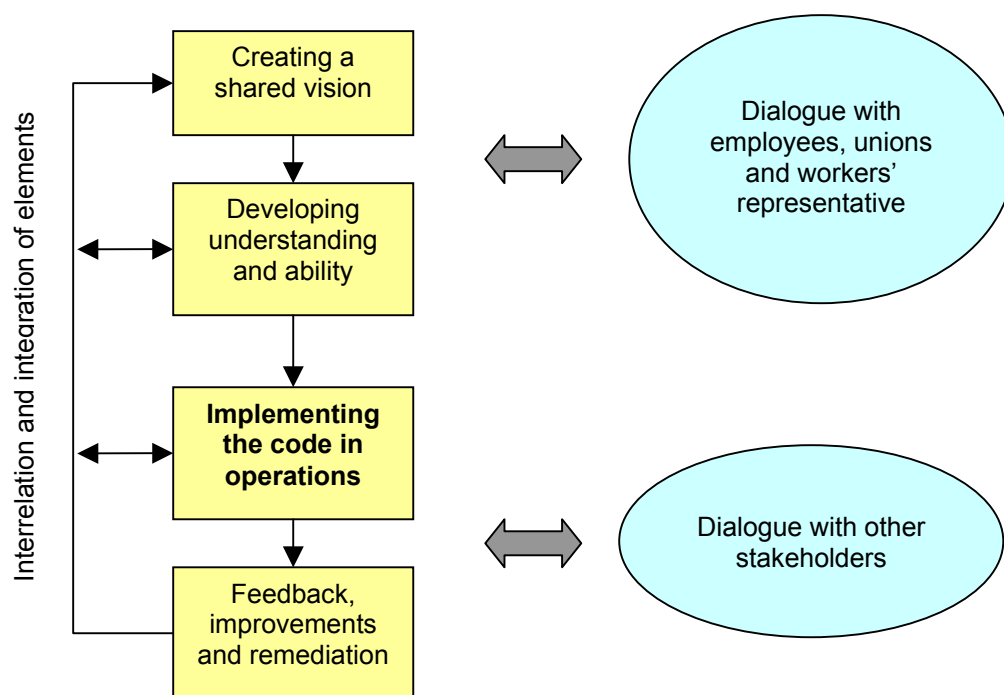


Figure 4: *Framework for the implementation process* (Mamic, 2004:176).

Most of the companies that decide to go for a code of conduct are often committed and ready to take on new tasks (Mamic, 2005). First the company has to develop a vision and make sure that it is defined both internally and externally. The code has to be understood by everyone affected by the implementation and communication and training are very important. How the knowledge is communicated is important to take into consideration in order to reach a desired level of understanding, so appropriate ways of reaching the recipients have to be developed.

The structure of the company is of great importance while implementing the code of conduct. The integration of the code in different departments in the company, like human resources, legal, manufacturing and quality is vital (Mamic, 2005). It is also important for the management to make annual reviews of the integration of code of conduct responsibilities and

to have a link to the buying processes. The code has to be integrated and rationalised into the existing operation and with legal policies and procedures. It is also important to have a monitoring process, both internal and external, so that problems are detected and can be taken into consideration. The audit process is an important strategic issue, whether the information contained should be used both internally or open to external stakeholders. The most vital issue is a continuous dialogue at all levels and also that all of the four elements; *development of a vision; understanding of the vision by employees and suppliers; implementation and monitoring; feedback and improvement* are interrelated during the implementation. This procedure of integration can take a long time and in most cases remains as an ongoing process.

Dent (2002) states that in order to raise awareness around the codes of conducts, training programmes and access to information are central. This will enable workers to participate in the debates around codes and to decide for themselves whether they are a relevant tool to use in their strategies for bringing about change in the workplace and society. Where strong organisation of workers exists at the factory level, codes can be an effective tool for workers to use when putting forward demands for improvements to their wages and conditions. This requires education on codes to be situated within locally conducted broad worker training programmes (Dent, 2002).

### 4.3 The shareholder value model

The Shareholder Value Model developed by Hart (2005) is used in this study as a visual framework and an analytical tool for detecting the impacts of the implementation of SA8000. The model aggregates the different demands of how to manage today's businesses while also creating tomorrow's opportunities (vertical axis, Figure 5). Meanwhile, it is necessary to nurture and protect internal organizational skills and capabilities while also engaging external stakeholders in order to get new perspectives and knowledge (horizontal axis, Figure 5). By integrating these dimensions you get a four-field matrix that shows how to generate shareholder value and a sustainable business practice.

The internal and short-term performance is illustrated in the lower-left quadrant, which focuses mainly on cost and risk reduction (Hart, 2005). In order to create wealth to the shareholders it is necessary to operate efficiently and reduce the risk associated with the internal operations.

The lower-right quadrant includes external stakeholders, such as suppliers and customers in the value chain, regulators, communities and NGOs (Hart, 2005). Their interests need to be respected, otherwise the company's right to operate might be questioned. If the company instead takes their views into consideration it might differentiate itself and enhance its reputation. This would establish a necessary legitimacy that would, at the end of the day, lead to increased shareholder value in a long term perspective.

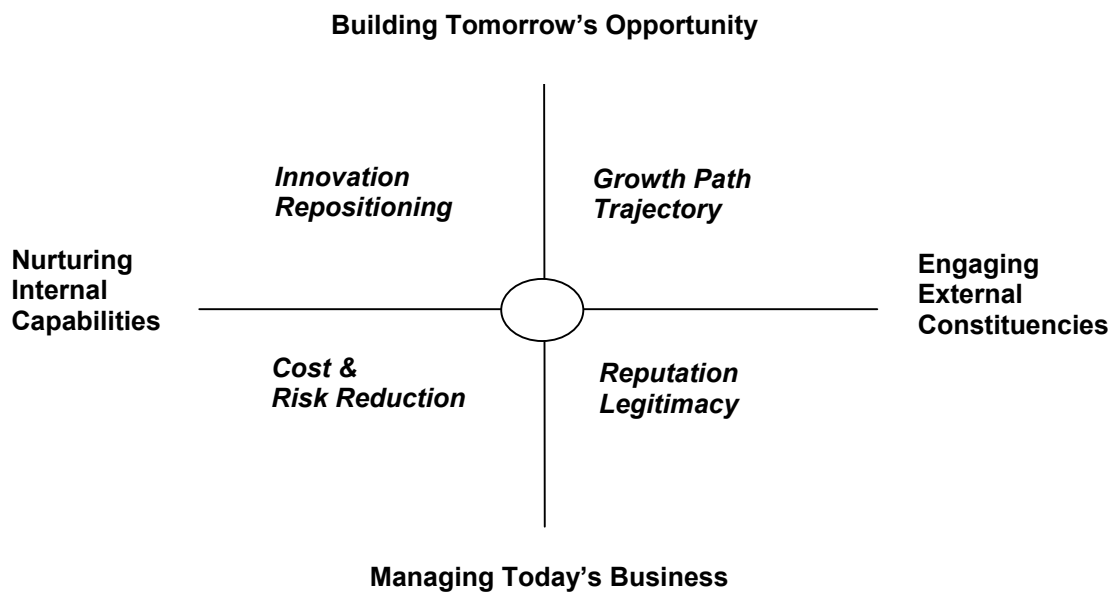


Figure 5: *The shareholder value model* (Hart, 2005: 60).

The two upper quadrants show the importance of innovation and entering new markets in order to generate the products and services of the future (Hart, 2005). Looking at the upper left quadrant, this is achieved through acquiring the skills, competencies and technologies that ensures future growth (Hart, 2005). The upper right quadrant focuses on how to identify the needs of either new customers or new markets. This will altogether ensure the future generation of shareholder value.

#### 4.4 The socio-economic impacts of SA8000

This model (Figure 6, a) was developed with the inspiration from Hart's shareholder value model (Hart, 2005) and with the purpose to illustrate the socio-economic impacts of SA8000 as earlier described by SAI (SA8000, 2004). The model will later be compared to the actual results of this study.

In the lower-left quadrant in Figure 6 a, the social benefits are related to the internal capabilities. By having the SA8000 management system, the company at supplier level is able to enhance the working conditions, which would ultimately lead to risk reductions in terms of e.g. fewer injuries through increased health & safety practices (SA8000, 2004). By giving the workers training on a regular basis the requirements of SA8000 will be known and understood at all levels. The participation by workers in the implementation of SA8000 is a key indicator of success.

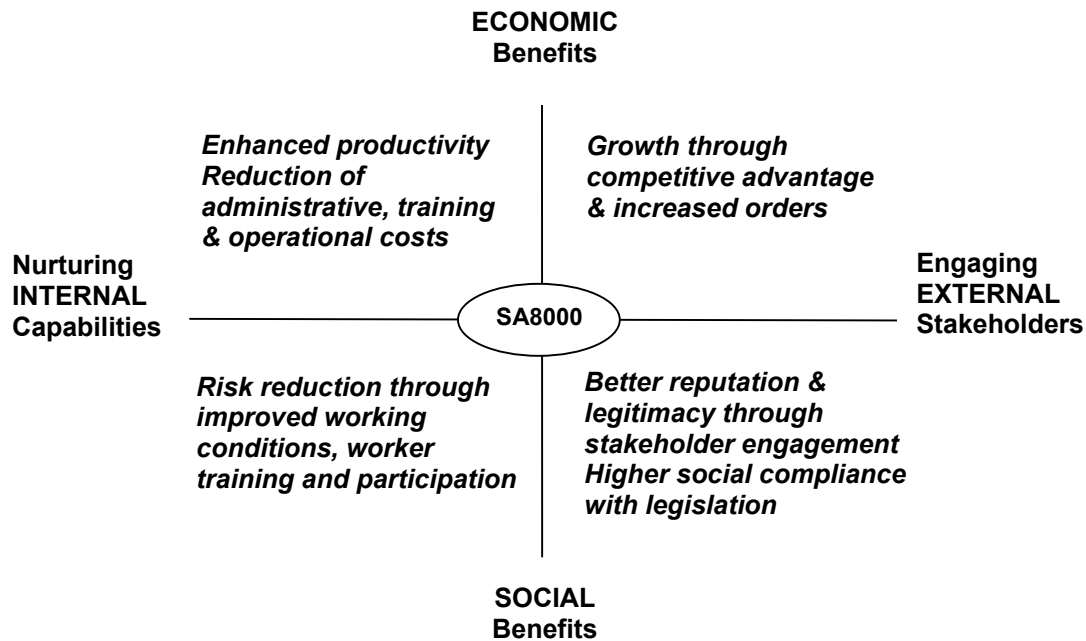


Figure 6, a: *The socio-economic impacts of SA8000* (SA8000, 2004). Inspired from Hart (2005:60).

Looking at the lower-right quadrant, the company at supplier level must engage with its external stakeholders, e.g. trade unions and NGOs, so that the social benefits to the workers can be assured (SA8000, 2004). This would also facilitate the compliance with legislation and enhance the company's reputation as a fair-player on the market.

The upper-left quadrant looks at the economic benefits with nurturing the internal capabilities through the SA8000 management system. The social benefits to the workers will ideally lead to an enhanced productivity, while a cost reduction will be achieved through the reduction of administrative, training and operational costs (SA8000, 2004). The common information base for the personnel at all levels will facilitate the communication for this purpose.

At last, the upper-right quadrant shows the economic benefits through engaging with external stakeholders, such as the buyers, who would hopefully increase their orders when they see the SA8000-system in place (SA8000, 2004).

## 5 Background for the empirical study

*In order to give the reader an insight into the problems within the textile industry, this chapter will briefly explain the labour conditions in international supply chains and more specifically the situation in South India where the case studies were made.*

### 5.1 Labour conditions in international supply chains

A growing number of industries have outsourced their production to developing countries in order to lower labour costs and blunt worker organizing (Beauchamp & Bowie, 2001). In the clothing industry, design and marketing firms outsource the fabrication of clothing to independent contractors around the world, since the wages for garment workers differs largely between countries. This has contributed to a global race to the bottom. There is always someplace where clothing can be made still more cheaply, but in this race the conditions of the workers and their environment are often forgotten.

Figure 7, inspired from Mamic (2004:68) show a simplified image of how a garment supply chain might be structured. It shows the production from cotton to the garment that the customers buy and also how the order is placed, from the MNE in the west via a buying office or agent to the supplier factory that makes the final garment.

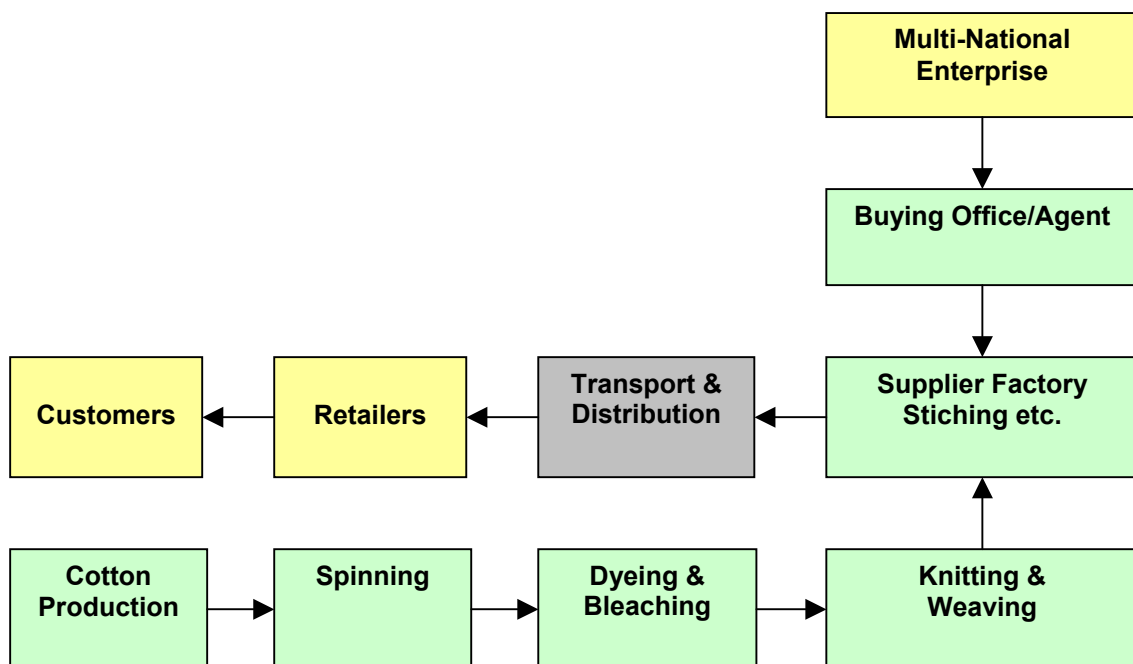


Figure 7: *The garment supply chain.* Inspired from Mamic (2004:68).

The competition between producers for global buyers is often very hard (Barrientos 2002:63). They are forced to generate low costs and high quality to be able to prevent losing orders to more competitive firms. In order to keep low costs and high quality the producers are pressured to reduce wages and lower labour costs. Within this sector the production orders are



often given at very short notice and this makes it hard for producers to make any long-term planning. Because of this the producers use a lot of compulsory overtime and a flexible workforce to be able to produce according to the changing orders.

It is difficult to determine who is to be held accountable for the problems involved in this chase for low prices. Retailers and manufacturers insist that what happens in contractor factories is not their responsibility (Beauchamp & Bowie, 2001). Both retailers and manufacturers preserve the fiction of being completely separated from contractors because they do not want to be held legally responsible for workplace violations of labour, health and safety laws. Even though there are laws to protect the workers and the environment, they are not followed since the structure of the garment industry itself fosters this kind of behavior (Beauchamp & Bowie, 2001; Berglund & Johansson, 2004).

## 5.2 The textile industry in South India

The textile industry is the single largest foreign exchange earner in India and accounts for around 8 percent of GDP while it stands for 20 percent of the industrial production (Internet, Indian Apparel Portal 1, 2005). The industry employs 38 million people and is the second largest employment-providing sector after agriculture. After China, India has the highest spindleage and currently contributes with 15 percent to the world cotton textiles.

The economic liberalisation of 1991 accelerated the economic growth during the 1990s, and the Indian textile industry has performed surprisingly well during the last decade (Internet, Indian Apparel Portal 1, 2005). Since then the central government has warmly welcomed any increase of exports, and the growth of private industry aiming at export markets has improved the country's macro economic situation (Blomqvist, 1996). However, the industrial expansion has also resulted in adverse effects for people settled in the vicinity of industrial centres.

### 5.2.1 Bangalore and its working conditions

Bangalore, the capital of the state Karnataka with a metropolitan population of 6.1 million (2006), is often referred to as the Silicon Valley of India and accounts for 35 percent of India's software exports (Internet, Wikipedia 1, 2006). It is also an important textile production area with big garment factories, many of them violating the rights of its workers. The garment workers often have to work long hours like 12-14 hours per day with only a short break for lunch and they are subjects to abuse and exploitation (Internet, Deccan Herald, 2006). They have to work under pitiable working conditions and are often refused leave even if they are sick or pregnant. The owners of the garment factories often have ways of getting around paying the workers their pensions, bonuses and other benefits that the workers are entitled to by manipulating the account books or terminate the job for the workers. These are only a few of the problems that the workers face within the garment industry in Bangalore and the same conditions, or even worse, are applicable in other areas of India.

### 5.2.2 Tirupur and its working conditions

Traditionally a small urban centre, Tirupur in Tamil Nadu has grown rapidly during the last 20 years because of the increase of the textile industry and is now one of the main centres of textile manufacturing in India (Blomqvist, 1996; Video, Bjurling & Ekelund, 2002). What characterise the textile industry in Tirupur, and what explains its success on the export market, is the congregation of many small units performing different phases in the production chain. Thousands of units are involved in spinning, knitting, bleaching, dyeing, printing, embroidery and stitching, where a flexible system of horizontal and vertical integration is at work.

Hundred thousands of people are working within the textile industry and workers are travelling to the region from all over the south of India with the hope to find a job (Video, Bjurling & Ekelund, 2002). The working conditions are very hard and the wages are low. It is not unusual to work 15 hours per day, 7 days a week, which exceeds the legal maximum of nine hours per day (Video, Bjurling & Ekelund, 2002). According to SAVE, an organisation fighting for labour rights, the workers only earn less than half of what is required for a decent living standard (Carlström, 2002).

The race for low prices of production has also brought about a high rate of child labour especially within the earlier stages of the textile production, since children only earn one forth of the adults' wages (Video, Bjurling & Ekelund, 2002). Meanwhile, it is poverty that forces the children to seek work within the textile industry, it actually creates poverty since child labour deprives work opportunities for adults that would have earned an income to the family four times as high.

### 5.2.3 Legislation & the role of trade unions

As India is a federal state there exist both federal and state laws and with the 165 different labour legislation regulations, the labour regulation in India is quite complicated (Stahl & Ståhlmarker, 2002). Since 1948 India has an extensive Factories Act that regulates labour standards throughout India, such as working hours and health and safety at the factories (Internet, ILO 1, 2006). In detail, the 1948 Factories Act regulates cleanliness of the factory, ventilation in the work space, control of temperature, lightning, over crowding, clean toilet facilities etcetera (Stahl & Ståhlmarker, 2002). In factories with over 250 workers, the employers must provide canteens with subsidised food and cool drinking water. There are safety measures that are mandatory, e.g. covering of dangerous parts of machinery, safety equipment and prevention of fire. The working hours are regulated so that no adult worker shall be required or allowed to work in a factory for more than forty-eight hours in any week (Internet, ILO 1, 2006). The minimum wage regulation is mainly on state level, which leads to different minimum wages in different states.

Low wages do not reflect low productivity, but rather a low bargaining power of the workers (Beauchamp & Bowie, 2001). Thus, within the textile industry trade unions have a very important role in informing workers about their legal rights. Freedom of association is guaranteed in article 19 of the constitution of the Republic of India from 1950. Therefore,

everybody has a right to form and join trade unions (Stahl & Stålmärker, 2002). In practice it is however very hard to carry through because workers are afraid to join since they are frightened of losing their jobs (Video, Bjurling & Ekelund, 2002). Even though it is illegal to fire somebody because of a membership in a union, it often occurs. The trade unions can help the workers to get the wages they are entitled to and a better, safer working environment. In addition, a lot of improvements on the environmental conditions also need to be done in order to give the workers further back in the supply chain a more safe working condition.

#### 5.2.4 Environmental conditions

The textile production also involves a lot of environmental pollution. A large amount of chemicals are used in the bleaching and dyeing process, which has led to serious contamination of the groundwater in the Tirupur region (Blomqvist, 1996; Video, Bjurling & Ekelund, 2002; Berglund & Johansson, 2004). Both the supply of fresh drinking water and irrigation water is a major problem in Tirupur (Berglund & Johansson, 2004). The severe water condition has made it impossible for the rural farmers to irrigate their crops and to keep livestock as before (Video, Bjurling & Ekelund, 2002).

The environmental legislation in India regulates the pollution and sets a framework for environmental issues (Berglund & Johansson, 2004). Although the legislation has developed considerably during the past decades, it still has enforcement problems (Blomqvist, 1996). It is not the regulation itself that is a problem, but that the laws are not obliged (Berglund & Johansson, 2004). Especially the textile industry is a poor follower of the environmental laws. The small-scale production units stands for 40 percent of the total waste water in India, and they often have a short-term perspective on their released pollution as they consider themselves unaffected of the pollution. However, the textile industry itself is also affected by the heavily polluted water since the process initially requires very good water quality with low concentrations of chemical substances in order not to damage the machines and stain the fabrics (Blomqvist, 1996; Berglund & Johansson, 2004). This situation forces the dyeing factories to fetch water in tankers from outside the region. Also, the workers in the factories are severely affected by the hazardous chemicals that they are handling everyday, often without any safety protection (Video, Bjurling & Ekelund, 2002).

These are only a few examples of the malpractices of working conditions among the production companies. However, some companies have started to recognize their responsibility in working conditions and try to do something to improve the situation for the workers within the textile industry.

## 6 The empirical study

*In this section the results from the case studies will be presented by first introducing the supplier factories and their codes of conduct and standards, followed by attempts in addressing the questions: What are the motives for implementing SA8000 for the supplier factories? What are the workers' knowledge and understanding of the standard? What were the major obstacles during the implementation? What benefits and costs have the implementation of SA8000 led to? What role do stakeholders play in the implementation process?*

### 6.1 Presentation of the supplier factories

In the seven visited factories, the number of employees varies between 100 and 2000 (Table 2). There is a labour turnover between 5-15 percent, but we could only get data from four of the factories (A: 12-15 percent; C: five percent; E: eight percent; F: ten percent). Factory E used to have around 15 percent and for Factory A it is slowly decreasing towards eight percent. Most of the factories trade with European brands in France, Germany, the UK and Sweden and also brands from the United States. The brands are mainly Tesco, H&M, GAP, DKNY, Tommy Hilfiger and Timberland. All brands have their own codes of conduct that the factories are following, e.g. GAP, Timberland and H&M, but they have more or less the same requirements in terms of child labour, forced labour, discrimination, working hours, wages and benefits, freedom of association and the right to collective bargaining as well as health & safety. However, they are more focused on the production and the quality of the product rather than the social issues and the workers welfare. All the brands have their own audits with a regular control of 4-5 times every year. One factory manager (Factory A) expressed that it is time consuming and a direct cost to the factories since the auditors take up time with interviewing the workers.

In addition to the brand codes, the factories were already certified or in the process of implementing SA8000 at the time of the conducted study. Along with SA8000 some of the factories also have the quality system ISO 9000 and WRAP. The reason for having WRAP is that the standard covers requirements regarding the environment and security in addition to the SA8000 requirements. One factory manager (Factory E) expressed that if you have SA8000 you cover 95 percent of the social compliance that the buyers with their codes of conduct are asking for. The remaining five percent is mainly about quality.

#### 6.1.1 Motives for implementation

The major reasons for implementing SA8000 have been buyer requirements (Table 2), since for many European and American buyers social standards like SA8000 are the minimum requirements for getting supplier confidence. However, some managers expressed other reasons, for example a better reputation of the company (Factory F); legal compliance and a social outlook (Factory G). Factory B wants to give benefits to the workers and develop a brand that is ethical and based on fair conditions. It is very easy to say that you act ethically but you need to prove it in action through practices.

Table 2: *Summary of the case study findings.*<sup>2</sup>

<b>Factory &amp; Location</b>	<b>A Bangalore</b>	<b>B Bangalore</b>	<b>C Bangalore</b>	<b>D Bangalore</b>	<b>E Bangalore</b>	<b>F Tirupur</b>	<b>G Tirupur</b>
<b>No of employees</b>	1000	300	1000	600	1100	2000	100
<b>Process of SA8000</b>	Planning stage	Certified 2003	Planning stage	Implementing	Implementing	Certified 2005	Certified 2003
<b>Motives for implementing</b>	Buyer requirements Cut costs, time delivery & increased quality	Benefits to the workers Have an ethical outlook	Buyer requirements	Less buyer audits Higher compliance with the law	Buyer requirements Higher social compliance	Better reputation of the company to the buyers	Legal compliance & social outlook Buyer requirement
<b>Workers knowledge &amp; understanding</b>	Low	High	Low	Low	Low	Medium	--- <sup>3</sup>
<b>Major obstacles</b>	Lack of awareness among the workers Supplier control	Shift of location Communication	50 % higher wages – need larger quantities	---	Communication	Decrease of 3 h overtime & 20 % increase in wages	Education to the workers
<b>Major Costs</b>	Reducing overtime Consulting & certification costs	Shift of location	Infrastructure investments & 50 % higher wages	Training & certification costs	Certification & audits costs	Labour costs Certification & audits costs	Audit costs (2000-3000 USD/audit) Training & increased security
<b>Major Benefits</b>	Increased business opportunities	Better working environment & satisfied workers	Higher wages to the workers No business benefits so far	Ensuring workers' benefits, can lead to higher production & quality	Improved workers' confidence – lower labour turnover	Better reputation Lower labour turnover	Social protection & training to the workers Productivity may increase

<sup>2</sup> Please note that the results could not be independently verified, but represent the views of the interviewees.

<sup>3</sup> Unfortunately we could not make any interviews with the workers at this factory due to the absence of an unbiased translator.

The managers expressed that their buyers especially request SA8000 and WRAP. Since SA8000 does not cover the environment, Factory A would like to implement WRAP and SA8000 together in order to cover both the environment and the security. However, one factory manager in the same factory thought that ISO was a more useful tool to motivate and educate the workers and the staff in order to cut the costs and avoid staff mistakes. For him, the most important reason to implement these standards is to reduce the costs through timely and high quality delivery. One manager in Factory D said that all buyers are coming and doing the inspection of the factory and if you have SA8000 many of the European customers will not be coming as frequently as they used to. This gives them a lot of time doing other important things. SA8000 also ensures them that everything is being maintained according to the Indian law.

### 6.1.2 The implementation process

Three of the seven factories in the study were already SA8000 certified while the other four were in different stages of the implementation process, from the planning stage to ready for certification (Table 2). The time required for the implementation differed between the factories. For some it was a process of just a few months, but one manager in Factory D said that they had postponed the implementation of SA8000 for three years because they thought that they were not well prepared for the standard. The same manager also said that nowadays the sub-suppliers for the factories are also part of the process. They inform their suppliers about the ongoing implementation of SA8000 and insist that they follow it.

In Factory A they were still in the planning stage and had not yet started to implement SA8000. The responsible manager for the implementation had set up a plan where he first needed to put the policies in place and then bring together all the supervisors and managers at all levels so that they feel a sense of responsibility. He will also make a gap-analysis where all the lacking points in the policy will be targeted, so that all sections will be compliant to the standard. Another important step is to continuously make the workers aware of the standard and provide information in the local language so that they will understand the importance of it.

Many of the managers have addressed that most of the requirements were already in place when they decided to go for SA8000. For the parts that were lacking they hired someone to guide them in order to reach the certification. All factories are using or used external consultants to help with the planning, preparations and training. The consultants also make a pre-audit to make sure that all the requirements are met and nothing is lacking. The sustenance of the SA8000 certifications depends on the continued compliance with the requirements, which is reviewed and audited during the surveillance audits every 6 months. These audits may also be unannounced to determine continued compliance.

### 6.1.3 Workers' knowledge & understanding

In the factories that were implementing the standard (Table 2: Factory D & E), very few workers were aware of SA8000, even if they maybe had received initial training about the standard once or twice. A lot of workers confused SA8000 with the brand codes and thought

that it was all about quality. Many knew that their factory had different codes of conduct, but most of them don't know what the codes stand for. Some of the workers also said that they get confused with all the different auditors that come to the factory. One worker in Factory E expressed her dissatisfaction with not knowing in advance about management making changes in the factories.

In the factories where SA8000 were already implemented (Table 2: Factories B & F), most of the workers who had been in the company for some time did know about the standard, but the knowledge varied considerably. The workers mostly talked about health & safety and first aid training when asked about SA8000. Newly employed workers had often not received any training in the matter yet.

The interviewed workers level of education varied a lot. The worker with the lowest level of education was 5<sup>th</sup> standard, while the highest was one girl who was studying her first year of a Bachelor of Business Administration (BBA) during the evenings. There were no difference of the education level between male and female workers and the most common education among the interviewees were 10<sup>th</sup> to 12<sup>th</sup> standard.

In India there are two parallel school systems; the state system and the central system. The state system is made by the state government and is state specific, while the central system is a centralised system common throughout India. They are more or less the same in structure and it is optional to choose which ever system to enrol in. In Bangalore, Karnataka state, you start school by the age of five, go through the first four years in *the primary education* system and then you continue from class five to seven in *the higher secondary education* and then from class 8 to 10 in *high school*. At the age of 15 you normally finish the 10<sup>th</sup> standard, and then you can continue school at the 11<sup>th</sup> – 12<sup>th</sup> standard for two years until you are 17 years of age. It is also optional to join *college* or what they call *pre-university* for two years before heading into university. Although school is compulsory up until the 10<sup>th</sup> standard, education fees normally apply. As the classes go up the fee will also increase.

#### 6.1.4 Obstacles & costs

The major obstacle during the implementation process is the lack of awareness among the workers (Table 2: Factory A, B, E & G). Although SA8000 are communicated through training, booklets and posters in the local language, most of the workers could not respond to what the standard contained. One factory manager (Factory A) had the impression that this is an industry where employment is provided to people that are not well educated. Therefore, the training and bringing the workers together is a big challenge.

Other challenges were the increase in labour costs in terms of higher wages and reduction of overtime. For example, in Factory C they had to double the wages to the workers in order to be compliant. For Factory B the major obstacle was that they had to shift location in order to get certified with SA8000 because the old building did not have the emergency exits that the standard required. They were lucky to find a new place with proper facilities in the same area

so that they could keep the same employees as before, since most of the workers live in that area and it would have been expensive to employ and train new workers.

Obstacles are often combined with the costs related to the implementation. Most of the managers said that they already followed most of the requirements for SA8000, but the cost for consulting, certification and audits will be there for everybody. These costs are considered to be high, for example the audit process can cost between USD 2000-3000.

#### **6.1.5 Major benefits**

Most workers in the certified factories had noticed a change after the implementation. They connect SA8000 to health and safety issues and also benefits like a canteen, clean drinking water, medical facilities, training and free transport. Overall, the workers had a positive view of the standard and thought that it had led to many benefits for them. They also feel that more respect is given to the workers from management and staff.

One worker in Factory B said that everything was more organised after the standard and that they are trained in health and safety regularly. The workers were also provided with safety equipment, for example in the cutting section the worker had metal chained gloves and the machines were placed in a corner where nobody was passing in order to avoid accidents. The tailors were provided with mouth protection so that they would not inhale dust from the textiles. However, from what auditors have told us, some workers were reluctant to use this equipment even though it was provided.

Some factories have provided a canteen with subsidised lunch and in one case free of charge. The food seemed to be of high standard and the workers thought it was good. Most factories also had a crèche within the factory premises so that mothers could leave their children with a caretaker during work time. All factories also had fresh drinking water and clean toilets that could be used at any time during work. They also had resting chairs that workers could use when having a rest. However, they did not seem to be that comfortable. Most of the factories also had medical facilities where a doctor was available at certain times during working hours. Transportation was also provided to and from work. In one factory the workers had however complained through the workers' committee that the bus driver had been late in the mornings so that the workers had arrived late for work.

In Factory F in Tirupur, some of the workers addressed that after the implementation of SA8000 they only work nine hours per day compared to the 12 hours per day they often worked before. Now they also get double payment for the extra hour over time they normally do. The legal minimum wage is Rs 2202 per month (equals approximately 49 USD). The wages differs between factories and the position of the workers. For example, the tailors who had worked in Factory F for about 2 years earned Rs 3120 per month while the helpers earned Rs 2860 per month. Due to the low wages within the industry, many workers wanted to work overtime to get the extra payment.



The management view on what benefits SA8000 would bring to the factories was rather divided. Today, the benefits seem to be mainly in social terms; the workforce is more satisfied and it is a nicer working environment. This has however resulted in a decrease in the labour turnover, e.g. factory E used to have around 15 percent in labour turnover, but is now slowly going down towards eight percent. One factory manager did not currently see any benefits in monetary terms (Factory B) while another manager (Factory A, human resources manager) thought that they would certainly grow and get more business in the future. A manager in Factory G said; “We are coming out all because of the system, our name is good on the market and SA8000 has helped us a lot.” SA8000 helps the factories to be compliant to the law and therefore ensures their buyers that they are compliant to their codes of conduct and social standards.

In only one of the factories the management could see an increase in productivity for the time being, while most of the other managers were uncertain and couldn't say if the standard had led to a change or not. The manager in Factory F said that productivity were slightly less while the manager in Factory G thought that productivity would increase in the long run. Many mentioned that benefits to the workers are often misused and that the workers take things for granted. For example, a manager in Factory B said that when you give somebody a benefit they can either feel like they want to give something back to the company or they take it for granted and relax, and productivity goes down.

Hardly any of the factories were yet using SA8000 as a marketing tool, but they plan to do it in the future. It will help them to build their company image. All factories inform their buyers that they are certified, which may reduce the auditing time since they have a higher level of social compliance. This will strengthen the buyers' level of confidence with the factories.

Most factory managers see the standard as a long term investment and hope to see more benefits in the near future. All think that the standard gives the company a good reputation and therefore will improve the relationship with old and new buyers. Nevertheless, there is a lack of motivation in the supplier factories to implement social standards or codes of conduct due to the high implementation costs and uncertainty of future orders. At any time the buyers might decide to shift their orders to cheaper production countries, for example China or Bangladesh. While the buyers claim the needs for standards, they still do not want to pay a higher price for the garments produced under these conditions. The garment factories in India are dependant on the western buyer's business conditions, but they lack the assurance of continued support and assistance in compliance with good social accountability practices.

## 6.2 Stakeholders

### 6.2.1 Buyers

A buying office for a big European company (Buyer X) expressed their main criteria for placing an order with a supplier factory as *quality*, *prices* and *reliability*. They look at what input they could get from the supplier, their level of productivity, the kind of products they are able to make and at what price level. Another important factor is the level of social

compliance. However, if the factory is good on social compliance but lack on the other criteria they have to look for another factory, since it is primarily the product and the quality that decides whether they can place an order or not.

Buyer X does not require SA8000, but has its own code of conduct covering basic requirements such as no child labour, minimum wages and health & safety. They do not try to impose European conditions but simply try to respect the laws of the supplier country. When the buyer is only asking for basic things, the suppliers do not necessarily have to do any major investments. A buying office for another big European company (Buyer Y) said that if the supplier has implemented SA8000, it would help them to implement their own code of conduct, since it lays down a framework for the issues and therefore is of great use to them.

The orders buyer X place is normally in the range of 3.000-10.000 pieces, which would be met in a time frame of 60-90 days. They do not change suppliers every season but try to keep their suppliers as far as possible. However, they are not giving their suppliers any long term contracts of continued orders. They simply come back to the supplier when it is time to place a new order. As part of their market research the buying office also look for new suppliers and see what they can offer compared to their current suppliers.

If a new supplier meets all the requirements apart from the social compliance, the buyers will require them to follow their code of conduct before they start to work with them. If the supplier lacks in minor aspects, such as the number of toilets, they are able to negotiate with the suppliers, but if they lack in number of emergency exits or have child labour there is no way of negotiation. It is all about choosing the right suppliers from the start.

Buyer X expressed that the prices on garments have gone down consistently over the years since there is a lot of competition. The buyer also said that in this country there are so many people who are able to make the same products, so if somebody is willing to make it for one Euro, there will be somebody else who is willing to make it for 95 cents. To the question if they as a buyer would be able to pay some extra to those suppliers who followed their code of conduct, they said that the commercial operations are independent from the compliance issues and not financially integrated. Buyer X has a separate division for social compliance and it is not integrated into their buying policies and the economic division, since the compliance issues comes into question only after all the other criteria are met. The buying agent said that it is only possible to internalise the compliance issues into the buying policies if there is a commitment from the company in Europe – if they owned the factories themselves they would have to take greater responsibility.

Buyer Z does not own a single factory, but they have always taken a social responsibility in their production countries by supporting help organisations and villages to build schools etcetera, so that the children do not have to work within the textile industry. When they started to use a code of conduct in 1998 the work for social improvements started to be more structured and systematic than before. There are some problems despite the code of conduct,

mainly that the workers have to work over time and are not given a correct payment for it and that unions are not present at many factories.

According to Buyer Z, most problems occur in the first steps of the production chain, on the cotton fields, at the spinning factories and in dyeing & bleaching plants. The company is working with these problems, but it is a very hard and complex issue to come to terms with and one company cannot do this on their own. Many big companies and organisations have to get together to proactively solve this problem.

Buyer Z have a grading system of the suppliers; Unacceptable, Acceptable, Satisfactory and Good. No orders are placed with suppliers that are rated as Unacceptable, but they have a chance to improve their standard in order to get future orders. Constant improvements are very important and Buyer Z makes audits at the factories to see that nothing is lacking and that the supplier is compliant with the code of conduct.

Within the textile industry no contracts are used between buyers and suppliers. Buyer Z expressed that they cannot be tied to a supplier longer than what it takes to make an order. No suppliers have the skills, resources or technology to make all kind of clothes. The fashion changes in styles and fabrics, and the order has to be placed with the supplier that is most capable of producing it. Despite the lack of contracts, Buyer Z has never met any difficulties with the suppliers and they have worked with the several of them for many years.

### 6.2.2 Trade Unions

Most trade unions in India belong to different groups and political parties, which makes the trade unions very divided. Unions are strongest in South India, where Tirupur has a strong tradition of unions whereas they are not that common in Bangalore. Although trade unions are legal, the climate between trade unions and factory management is very strained and the unions are rarely represented in the factories. Many managers have expressed the difficulty in collaborating with the unions and vice versa. According to one representative of INTUC (Indian National Trade Union Congress), in most cases when unions are part of a negotiation at the factory it will lead to a strike. Union members are declining in number since many workers feel that the unions are using them for their own political purposes. Since collaboration with unions often lead to strikes and sometimes even closures of factories, the workers do not see the union activities as a help to their situation. They are also afraid to join because of the risk of loosing their job, since the management is opposing the unions.

According to the newly established Garment and Textile Workers Union (GTWU) in Bangalore, the lack of trust among workers for the central unions is because the unions do not work within the industry and the union leaders do not have the industry background. In contrary, GTWU claim to have succeeded in this matter because they are all garment employees themselves and therefore know the situation in the company and how to deal with management. Another major problem within the industry is the low level of education among the workers, so they do not know much about the labour laws. It is not necessary to have an

education to get a job within the industry as long as you have the skills. According to GTWU, fifty percent of the workers have finished 3-5<sup>th</sup> standard in school, 25 percent have finished 5-10<sup>th</sup> standard, and above 10<sup>th</sup> is about 20 percent.

SA8000 in itself is a good system according to the interviewed trade unions, but they thought that some of the certified factories violate the standard in terms of wages, working hours etcetera. The wages at the SA8000 factories were somewhat above the legal minimum of Rs 2202 per month (equals approximately 49 USD), but the Textile and Garment Workers Union thought that a decent living wage in Bangalore should be around Rs 7000 per month. A regional union in Tirupur, Revolution for Labour in South India (MLF) claimed that some SA8000 factories have too much overtime; sometimes they work 14 hours per day, and do not get double payment. MLF also claimed that unions do not have access to the results of an SA8000 audit, nor does the workers. The results are only shared between the auditors and the management.

### 6.2.2 Non Governmental Organisations

There are numerous Non Governmental Organisations (NGOs) operating within the textile industry in India with the aim to promote workers' rights. The interviewed NGOs in Bangalore and Tirupur work with educating the workers about their rights. They are aware of SA8000 and think it is a useful standard for the workers, but it is lacking in promoting freedom of association and the right to collective bargaining since the trade unions is rarely represented in the factories. Instead, most of the SA8000 factories have a workers' committee, which is often set up by the management. Therefore, the NGOs do not think that these committees are independent of the management and thus do not provide the best means of collective bargaining.

The Bangalore based NGO Cividep-India (Civil Initiatives for Development and Peace-India) is funded by Oxfam, a British NGO. The secretary K.P. Gopinath, had taken the audit course for SA8000, but he has not done any audits since they rather spend their time organising workers directly. Their position has been that SA8000 auditing is not an alternative to organise workers, because they believe that it is the workers themselves that are the best monitors of the standard. Freedom of association is very crucial and you cannot expect social auditing to be an alternative to trade unions.

There is also a question of credibility if the monitors are being paid by the buyers or the company itself. The auditors do not create a real sense of confidence among the workers, since they are seen as a part of the management or sometimes seen as an inspection by the buyers. Workers used to be told to lie about how much they are being paid so that the buyers would be satisfied, otherwise they would not place new orders and the worker would lose their job. The result from social auditing is that the physical appearance of the factory is much better, but the lives of the workers remain the same.

Despite this, Mr Gopinath does not reject the auditing completely. In situations where nothing else is possible, auditing and workers committees can be used to the workers benefit.

However, one crucial point with SA8000, along with other standards, is that they are not challenged enough on the point of collective bargaining and freedom of association. Mr Gopinath stresses that the committee itself survives on the superiority of the management and is completely powerless when you have an inferior workforce. So you cannot expect a committee like that to represent the workers position in an accurate way. The workers' representatives are strong only when they are independent of the management.

Mr Gopinath explains the unions' weak position in Bangalore as depending on an ideological opposition to unions and on cultural differences. There is a fundamental belief that unions are bad for business. No arguments work with the management, they only start quoting what they have heard or experienced of other unions. Culturally, India still has a feudal orientation where workers are from the lower caste and not seen as partners in an enterprise. The lower caste workers should be grateful for having a job and not oppose the management. Workers are therefore afraid of loosing their jobs if they would join a union.

Traditionally the unions have had a very important role to play in creating and protecting the Indian labour laws. But according to Mr Gopinath, the unions have not considered the overall change in how business work with global supply chains and how the workforce also has changed. The majority of the workforces are women and many have migrated into the city for work because agriculture is not remunerative or has collapsed and there are not enough of jobs in the villages. Hence, there is a first generation of industrial workers that are from rural backgrounds where there is no tradition of being part of a union. In addition, they are not only workers but women running a household that have many other social requirements. The trade union may therefore also have a more social role to play among them. It is important to empower women workers, also as women themselves.

The problem is that workers have not seen any union functioning properly, but associate unions with strikes and closure. Unions have to demonstrate that they lead to improved lives, better solidarity among the workers and long term development. It is not simply a question of wages. They must experience a different flavour of organising. But still we should not forget the employer/employee relationship and be able to bargain, Mr Gopinath explains.

## 7 Analysis & discussion

*This chapter aims to address the research questions stated in chapter one, based on the theoretical framework and the empirical data. The research questions are grouped into the following parts: motives for implementation, obstacles during the implementation process, including workers knowledge & understanding and costs, and the socio-economic impacts of SA8000, where the role of the stakeholders also is discussed.*

### 7.1 Motives for implementation

The major reason for implementing SA8000 was the fact that it is a buyer requirement. Schaltegger & Buritt (2005:201) talks about different motives for addressing corporate sustainability like *Improving corporate reputation and brand value*, *Business opportunities* and *Increasing competitiveness*. Many European buyers see SA8000 as an important system for reaching higher social compliance, which is a growing concern within Corporate Social Responsibility. Certification to the SA8000 standard will then help manufacturers to differentiate themselves from the rest and improve their company image, which would attract new buyers and hopefully lead to a higher security of placing future orders. The factories would then project themselves as a global player and would get a competitive advantage.

It was not solely business reasons that made the companies to implement SA8000, but in some cases the managers also had a moral commitment that drove them to give better conditions to the workers (Schaltegger & Buritt, 2005:201). In factory B, the management seemed to have been very committed towards its workers even before implementing SA8000 and have tried to bridge the gap between management and workers through having a good communication. In this factory the workers also seemed to have the highest knowledge and understanding of the standard.

If the initiative to implement the standard comes from the management itself, rather than as a requirement from outside, the implementation could therefore be assumed to have greater effect on the workers. It could also depend on the fact that Factory B is a small unit and has had the certification for many years, but it is rather a matter of how they have continually been revising the standards throughout its organization. Pro-active companies can thereby lead the way in social standards and promote self-regulation in an industry that often acts below the legal standards.

### 7.2 Obstacles during the implementation process

#### 7.2.1 Workers' knowledge & understanding

Mamic (2005:83) talks about four common issues during an implementation process and one of them is the importance of *Understanding of the vision by employees and suppliers*. During the implementation of SA8000, the major challenge for all factories was to create awareness and communicate the standard to the workers. In order to create awareness around the issue, training programmes and access to information is very important (Dent, 2002). Many of the

interviewed workers had received training but could not respond to what the standard contained. The level of education is low among the workers and therefore it can be difficult for them to participate and respond to the training. According to Mamic (2005) it is important to consider how the information is communicated and appropriate ways of reaching the recipients have to be developed. On average the workers have reached 10<sup>th</sup> standard, which equals ten years in school. Lack of money might be a reason why so many drop out of school, but it is also a matter of people failing the exams at the higher standards. If the parents are uneducated they cannot help the children as they grow older and if they cannot afford to send the child for extra tuitions, it might be difficult for the children to manage at school.

The basic level of awareness about labour rights does however also depend on the tradition of being part of a trade union. As one NGO explained many workers have migrated into the city from agricultural areas that traditionally have not been part of the trade union movement. The workers are also a first generation of women working in the industry and they might have different needs than what trade unions generally demand. If trade unions revise their role towards the workers, they might find it easier to communicate and reach the workers. Trade unions or NGOs can then play an important role in providing the means of reaching and educating the workers about their rights.

It is also a matter of communicating the standard to the management and staff so that they can find appropriate means of reaching out to the workers with the information. The management at all levels has to be focused so that they can reach and engage with the workers. One worker in Factory E expressed her dissatisfaction with not knowing in advance about changes in the factory. Hence, the workers did not feel involved in the creation of a shared vision. This was very important as stated by Mamic (2004). In reaching this vision, management at all levels have to be involved in the process and have a sense of responsibility. In Factory B, the workers were fully aware of the content of the standard, since the management had provided both internal training and external consultants to help with the training of the management and workers. This shows the importance of having a motivated management team that is willing to make a change and interact with the workers. It may facilitate the communication if the management has personal values that drive them towards this. The size of the factory also seems to be an important factor, since it is easier to communicate new information to a hundred rather than a thousand workers.

Hence, as stated by SAI (SA8000, 2004) it is crucial to make the training and communication into a continuous process in order to achieve and sustain the desired level of awareness and understanding. In order to detect what is lacking in the process, the factories made internal reviews and used help from external consultants who monitored the implementation. They also made pre-audits that could give important feedback prior to the SA8000-audit process.

### 7.2.2 Costs

Another obstacle was the increased labour costs involved in the implementation. One factory needed to increase the quantity produced in order to make up for the increased costs due to

higher wages and less overtime. This is an example of how the structures of the garment supply chain pressure suppliers to constantly produce for low prices under short periods of time, which forces use of a lot of overtime at low wages. It can therefore be very hard to combine the standards requirements of high wages and one hour of overtime as SA8000 require, while also keeping attractive prices for the buyers. Hence, it would ease the situation for the supplier factories if the buyers would take on some responsibility for bearing the costs of reaching the desired social compliance. For example, this could be done through paying a higher price for the garments produced under these conditions or by giving the suppliers long term contracts that would motivate the factories to invest in the standard. The direct cost for consulting, certification and audits could also be reduced for smaller facilities.

### 7.3 Socio-economic impacts of SA8000

The structure of this section follows the model of the socio-economic impacts of SA8000 (Figure 6, a). The case studies are integrated into the model in order to analyse the impacts of SA8000 implementation. The case studies have shown that only the social benefits are visible today, whereas the economic benefits will hopefully be more visible in a longer time perspective. We have therefore added the elements of ‘Tomorrow’ and ‘Today’ into the model (Figure 6, b). Each of the perspectives on benefits with SA8000 is presented more in detail below.

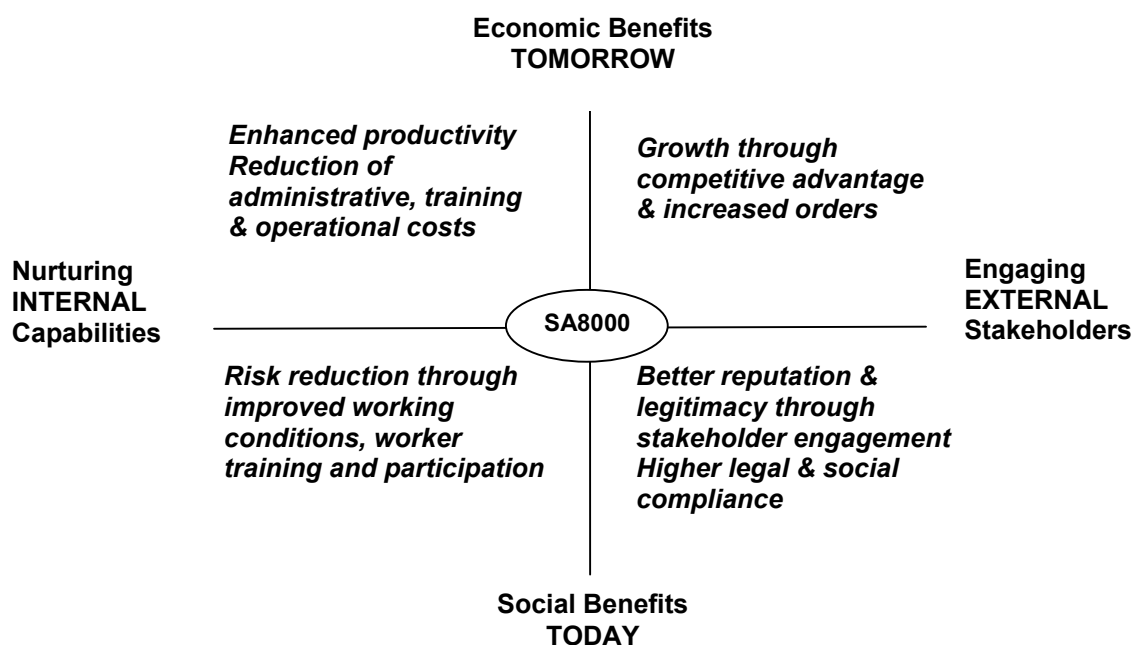


Figure 6, b: The socio-economic impacts of SA8000. Inspired from Hart (2005:60).



#### 7.4.1 Social benefits & internal capabilities

According to the theory of the socio-economic impacts of SA8000, the system leads to risk reduction through enhanced working conditions where a consistent control of the key processes and training in health and safety issues would prevent accidents. The case studies show that in most cases an actual improvement have occurred in terms of health and safety, which will reduce the risks. This is done through worker training and participation. However, the issues that remain hidden to the eye, such as basic needs wages and freedom of association, are still not taken seriously.

When asked about SA8000 the workers mainly associated the standard with health and safety issues, but they also mentioned benefits like canteen, clean drinking water, free transport and medical facilities. However, some of the workers did not see the connection between SA8000 and the benefits that they had received.

The workers in each factory had received training in first aid and fire fighting. It was given continuously so that every new worker would get introduced into health and safety. If the workers know how to deal with accidents and how to avoid them, SA8000 can reduce the number of risks at the workplace. However, from what auditors have told us, some workers were reluctant to use safety equipment even though it was provided. What then is needed is training where it is clearly explained why this equipment is necessary, preferably where it is illustrated in a practical way. The additional benefits, like canteen and medical facilities, will help the workers towards a better health, which ultimately will help them to do a good job. If the management is supporting the workers in this way, they may find it more joyful to work.

As a social outcome, the standard has led to a greater respect of the workers, both from the management and the staff, and there seems to be that workers are more satisfied with their job, which has led to a decrease in labour turnover. Despite this, there is still a lot of floating workforce between the factories as managers often lure the workers with some extra payment. Due to the low wages within the industry, there is always a chase for more money. Many workers seem to prefer higher wages instead of other social benefits, so they are easily attracted to other factories with the promise of higher payment.

The hours of overtime has been reduced where only one hour of overtime per day is allowed, according to SA8000 requirements. If the workers are not tired from long hours of work it could prevent workers from making mistakes, which could lead to fewer accidents. However, some workers were complaining that they wanted to have more overtime since it gives double payment. This needs to be seen in the light of how low wages the workers actually get although it is above the minimum wages. SA8000 requires that “the company shall ensure that wages are paid for a standard working week and shall always meet at least legal or industry minimum standards and shall be sufficient to meet basic needs of personnel and to provide some discretionary income” (SA8000, 2004:95, also see appendix 1, section 8.1). The wages that are paid are above the minimum of Rs 2202 (equals approximately 49 USD), but the latter part of the requirement is however not met. The minimum wages is not close to what

should be needed to meet the basic needs of the worker, as pointed out by NGOs and trade unions.

#### 7.4.2 Social benefits & external stakeholders

According to the theory, the company at supplier level must engage with its external stakeholders, like trade unions and NGOs, so that the social benefits to the workers can be assured. This would also facilitate the compliance with legislation and enhance the company's reputation as a fair-player on the market. The case studies show that trade unions were rarely represented in the factories and workers were dependant on workers' committees set up by management and the control by auditors. The results from the audits need to be more transparent so that trade unions and workers themselves may be invited to control the situation. SA8000 will at least ensure that the state laws are followed and will thus make the audits of company codes easier.

Having SA8000 can lead to a better reputation among NGOs and trade unions, which might lead to less strikes and disruptions in the production. However, many NGOs and trade unions are not too happy with SA8000 since they claim that the standard is lacking in many areas, such as freedom of association and right to collective bargaining. In order to safeguard the workers' benefits, NGOs pointed out the need for trade unions in the factories.

According to SA8000 (Internet, SAI 6, 2006, see also Appendix 1) the company shall respect the right of all personnel to form and join trade unions of their choice. In those cases where trade unions are restricted under law, the company shall facilitate parallel means of independent and free association and bargaining. In practice, SA8000 does not demand factories to have trade unions if it is not a clear will from the workers side. None of the visited factories had a trade union represented, even though trade unions are not restricted under the Indian law. Instead the factories had workers' committees that functioned as a bridge between the management and the workers.

As one NGO pointed out, in situations where nothing else is possible workers' committees can be used to the workers benefit, but since it is often controlled by the management it does not provide the best means of collective bargaining. It would be better to have an independent trade union in place that could put forward the workers demand and take cases to court if necessary. However, due to the political climate within the unions, they are not always serving the purpose of the workers. There seem to be a lack of trust between workers and trade unions, which first need to be restored in order to facilitate social development for the workers. At the same time, workers may not have the cultural background to form or join trade unions, or they may be afraid to join unions with the fear of loosing their jobs. If SA8000 should be taken as a serious multi-stakeholder initiative, they should try to facilitate the communication between management, trade unions and workers.

One way of doing this could be to be more transparent on the results of the SA8000 audits. This is important in order to make the stakeholder feel part of the process and to keep having

an open dialogue with them. In this way important feedback can get back to the management and improvements for the workers can be made. Due to the strained climate between management and trade unions it may be difficult to achieve, but both parts need to make an effort so that the dialogue can be fruitful. At the end of the day, it is vital that they bear the workers' interests in mind.

Meeting the demands of SA8000 is more or less the same as following the state laws, since codes of conduct and social standards often function parallel to the law. Having a social standard will not necessarily mean to go beyond the law, as often stated in CSR. Nevertheless, within the garment industry there has been a tradition not to take the law too seriously, so by following a social standard the factory would go above the norm of the industry. Several of the interviewed factory managers also takes the certification one step further and provide some extra facilities to the workers, such as free meals, medical care and transport. By having SA8000 the factories will ensure that they comply with the 1948 Factory Act (Internet, ILO 1, 2006) and thus will the factory also more easily comply with the different company codes that are in place. The brand companies own audits will therefore take less time and they will be more confident with the factory.

#### **7.4.3 Economic benefits & internal capabilities**

By having the SA8000 management system in place, the potential internal economic benefits should be increased productivity and reduction of administrative, training & operational costs. The findings shows that only in one case increased productivity was visible and no one of the interviewed managers expressed any reduction of costs so far, but they all hoped for economical benefits to show in a longer time perspective.

SA8000 as a management system ideally leads to a more effective organisation with a clear definition of roles, responsibility and authority. In practice, this can be hard to accomplish since the communication of the standard has proved to be difficult for many factories. It may take several years to get through to all personnel so that they fully understand the importance of and the motives for being compliant with the standard.

Higher awareness and education among the workforce leads to less accidents and less errors in the daily work, which also will benefit the factory in economical terms since better working conditions may lead to a higher productivity. Although most managers currently only saw the social benefits as an outcome of SA8000, they still believed that in the long run they would see some economical benefits in terms of increased orders and a higher productivity. For the time being, in only one of the factories the management could see an increase in productivity, while most of the other managers were uncertain and could not say if the standard had led to a change or not. One manager said that the workers can also take some benefits for granted and misuse them, e.g. toilets and restrooms, which can lead to a decrease in productivity instead. Despite the uncertainty, the managers saw the standard as a long-term investment that would hopefully lead to more benefits in the future.

#### 7.4.4 Economic benefits & external stakeholders

Growth through competitive advantage and increased orders are potential economic benefits with the SA8000 system. Having SA8000 will give old and new buyers confidence in the supplier factory and motivation of placing new orders. It will also give the factory a good reputation on the market. The case studies have shown that SA8000 is very much a buyer requirement and it is hoped among the managers that the orders will increase after the implementation.

Many factories have implemented SA8000 because of requirements from the buyers, but none of the buyers are sharing the costs involved to become compliant with the standard. It can therefore be hard to motivate managers of supplier factories to implement social standards, since they are uncertain of the economic benefits involved. Many managers see the implementation as an economic risk and want to have some security in future business, something to cover the costs of the standard like higher prices for the garments. However, so far there is no willingness to pay more for the product neither from the buyers nor the end customers' side. The suppliers also lack the support for implementing the standard in terms of new investments, higher wages to the workers etc. Thus, if the buyers would provide some support to the supplier factories, more factories would be able to implement SA8000 and thereby reach a higher social compliance.

In order to promote both social and economic development in the supplier factories, the buyers and their supplier need to collaborate more on reaching social compliance. The buyers should internalise the aspect of proactive compliance into the buying policies. It is hoped that this will provide a framework where a higher price and long term contracts will facilitate better conditions to the workers, enabling a higher productivity and a potential win-win situation. However, as one buying agent expressed, it is only possible to integrate the compliance issues into the buying policies if there is a commitment from the company in Europe.

Many managers also thought that the costs for audits, consultancy and certification were too high. These costs are hard to bear for the small and medium size factories. It is a shame that this is a major obstacle for implementing the standard, especially for smaller units that already have problems to survive on the market due to the high competition within the industry. If this is the case, SAI could subsidise the certification and audit costs for companies in need. Meanwhile, the certification brings added value to the companies, like increased competitiveness, that hopefully would pay off in the long run.

Having a social standard can be a competitive advantage on the market and lead to increased orders. Many of the interviewed managers are convinced that compliance with SA8000 will give them a good reputation on the market and pay off in terms of increased orders. Since SA8000 is considered to cover about 95 percent of the requirements of the brand codes, it would reduce the time of the buyer audits, which will save the supplier factories both time

and money. This will also strengthen the buyers' level of confidence with the factories and secure future orders and growth.

To be socially compliant today is sometimes seen as to go over and above the norm, but tomorrow it might be a necessity to be able to stay on the market. As stated in the shareholder value model (Hart, 2005) it is necessary to differentiate the business through innovation and repositioning on the market in order to generate growth in the future. Entering the niche market of being compliant with SA8000 might seem as a small step today, but may be necessary for the future as the consumers are getting increasingly aware of the problems in the supply chains and demand initiatives to secure social compliance. To be compliant to a standard, such as SA8000, will then provide opportunities for growth since it is easier to get orders if the buyers are confident with the suppliers' legal and social compliance. However, to be a trustworthy standard that retains its reputation and legitimacy on the market, SA8000 needs to strengthen the stakeholder dialogue, especially with trade unions and workers themselves.

## 8 Conclusions

*In conclusion, this chapter will try to answer the research question stated in chapter one; How can SA8000 ensure a higher degree of understanding and participation among the workers and thereby lead to better social conditions, while also deriving enhanced business benefits for the factories? This main question will be answered through the sub questions;*

- *What are the motives for implementing SA8000 for the supplier factories?*
- *What are the workers' knowledge and understanding of the standard?*
- *What were the major obstacles during the implementation process?*
- *What benefits and costs have the implementation of SA8000 led to?*
- *What role do stakeholders play in the implementation process?*

The case studies have shown that SA8000 is very much a buyer requirement, but in some cases it was also moral values that drove managers to implement the standard. The workers were however not fully aware of the standard and its content, but they could see actual benefits in terms of health and safety, canteen, medical facilities etcetera. When a standard is implemented it is mainly the cosmetic changes that are most apparent, while issues like freedom of association and living wages are more hidden and hard to carry through.

The major obstacle during the implementation process was the low level of understanding among the workforce, and it shows how important it is to communicate the standard to the personnel at all levels of the company. Another obstacle was the high costs involved in the implementation, such as increased labour costs and infrastructure, but also the costs for certification, audit and consultation was regarded as high. The findings show that only in one case an enhanced productivity was visible and no one of the interviewed managers expressed any reduction of costs so far, but they all hoped for economical benefits to show in a longer time perspective and it is hoped among the managers that the orders will increase after the implementation.

External stakeholders, such as NGOs, trade unions and also buyers, have a central role in the implementation process. In order to safeguard the workers' rights and benefits, NGOs and trade unions are necessary in the monitoring and compliance process. Therefore the audits need to be more transparent with the results and include the workers and their representatives to a higher degree. Buyers should also take a more active part in the implementation process and it is wishful that the buyers would facilitate the implementation through economic support, for example through long term contracts or a higher price for the garments produced under these conditions. Continual improvement and an ongoing dialogue with stakeholders are thus needed in the desire to reach both social and economic development.

Although SA8000 is lacking in some aspects and can be difficult to implement, it is one step in the right direction. SA8000 provides a good framework for the development of social compliance within the supplier factories while it also provides business opportunities in terms

of enhanced reputation and competitiveness on the market. Social standards and codes of conduct are relatively new on the market and will take time to establish, but it is gaining an increased attention from the end consumers. Therefore buyers from the western countries are starting to acknowledge their responsibility. For the time being, to be compliant with SA8000 is to go above the norm, but it might be a necessity in the future in order to have a chance of staying competitive on the market.

## 9 Epilogue

*This chapter will give a brief explanation of challenges and limitations that we have encountered during the study and give suggestions of some areas that would be of interest for further research.*

The results from our interviews with workers in different factories have sometimes been somewhat unsatisfactory. The time available with the workers has been very limited, which then resulted in restricted answers from the workers. Their answers may also have been influenced by the fact that the interviews were conducted inside the factory premises. Although no representatives from the management were present inside the room during the interviews, they were aware of who was being interviewed. This may have resulted in an environment where the respondent felt insecure. It would therefore have been better to interview the workers in their homes or at an NGO or a trade union. For example, at one point we met a group of women at the Garment and Textile Workers Union (GTWU) who spoke very freely and openly about their problems in the factories, mainly about verbal abuse due to a stressed working climate. They were however not working at a SA8000 certified factory and could therefore not be part of the study.

The work of improving working conditions does not solely depend on the supplier factories more or less voluntary initiatives through following e.g. codes of conduct and standards. The problem of poor working conditions is embedded in the inability to monitor the national and state laws on the labour as well as the environmental conditions. Both the environment and the workers will suffer if there is strong pollution in the production and the workers have inadequate safety equipment, e.g. through the dyeing and bleaching process. The national laws do therefore have to be enforced. It may however be difficult to implement when companies from abroad are attracted by cheap labour and weak environmental regulation that gives low production costs. The ability to reach better working and environmental conditions is therefore closely related to what the buyers demand in terms of legal compliance and what price they can offer in return. In the longer perspective this depends on what the end customers require when they buy their clothes.

Our focus of the study is at supplier level, but it would have been interesting to approach this subject from different angles, e.g. to look at this problem from the buyers' and the end customers side. What are the buyers' responsibilities towards the suppliers in the developing countries and are they willing to pay for it? What moral drivers do the customers have for demanding better working and environmental conditions where their clothes are produced? Surely there is a need for reliable information towards the customers, which could be facilitated through a labelling-system. However, as the garment industry is very complicated and difficult to monitor at all levels this would be hard to carry through. Perhaps there could be a label that guaranteed social compliance in certain steps of the production, which then was very clearly communicated towards the customers? Hence, how to administrate and monitor a trustworthy labelling system would be of great interest for further research.



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# Appendices

## Appendix 1: SA8000 requirements

(Internet, SAI 6, 2006)

### 1. CHILD LABOUR

#### **Criteria:**

**1.1** The company shall not engage in or support the use of child labour as defined above.

**1.2** The company shall establish, document, maintain, and effectively communicate to personnel and other interested parties policies and procedures for remediation of children found to be working in situations which fit the definition of child labour above, and shall provide adequate support to enable such children to attend and remain in school until no longer a child as defined above.

**1.3** The company shall establish, document, maintain, and effectively communicate to personnel and other interested parties policies and procedures for promotion of education for children covered under ILO Recommendation 146 and young workers who are subject to local compulsory education laws or are attending school, including means to ensure that no such child or young worker is employed during school hours and that combined hours of daily transportation (to and from work and school), school, and work time does not exceed 10 hours a day.

**1.4** The company shall not expose children or young workers to situations in or outside of the workplace that are hazardous, unsafe, or unhealthy.

### 2. FORCED LABOUR

#### **Criterion:**

**2.1** The company shall not engage in or support the use of forced labour, nor shall personnel be required to lodge 'deposits' or identity papers upon commencing employment with the company.

### 3. HEALTH AND SAFETY

#### **Criteria:**

**3.1** The company, bearing in mind the prevailing knowledge of the industry and of any specific hazards, shall provide a safe and healthy working environment and shall take adequate steps to prevent accidents and injury to health arising out of, associated with or occurring in the course of work, by minimizing, so far as is reasonably practicable, the causes of hazards inherent in the working environment.

**3.2** The company shall appoint a senior management representative responsible for the health and safety of all personnel, and accountable for the implementation of the Health and Safety elements of this standard.

**3.3** The company shall ensure that all personnel receive regular and recorded health and safety training, and that such training is repeated for new and reassigned personnel.

**3.4** The company shall establish systems to detect, avoid or respond to potential threats to the health and safety of all personnel.

**3.5** The company shall provide, for use by all personnel, clean bathrooms, access to potable water, and, if appropriate, sanitary facilities for food storage.

**3.6** The company shall ensure that, if provided for personnel, dormitory facilities are clean, safe, and meet the basic needs of the personnel.

### 4. FREEDOM OF ASSOCIATION & RIGHT TO COLLECTIVE BARGAINING

#### **Criteria:**

**4.1** The company shall respect the right of all personnel to form and join trade unions of their choice and to bargain collectively.

**4.2** The company shall, in those situations in which the right to freedom of association and collective bargaining are restricted under law, facilitate parallel means of independent and free association and bargaining for all such personnel.

**4.3** The company shall ensure that representatives of such personnel are not the subject of discrimination and that such representatives have access to their members in the workplace.

## **5. DISCRIMINATION**

### ***Criteria:***

**5.1** The company shall not engage in or support discrimination in hiring, remuneration, access to training, promotion, termination or retirement based on race, caste, national origin, religion, disability, gender, sexual orientation, union membership, political affiliation, or age.

**5.2** The company shall not interfere with the exercise of the rights of personnel to observe tenets or practices, or to meet needs relating to race, caste, national origin, religion, disability, gender, sexual orientation, union membership, or political affiliation.

**5.3** The company shall not allow behaviour, including gestures, language and physical contact, that is sexually coercive, threatening, abusive or exploitative.

## **6. DISCIPLINARY PRACTICES**

### ***Criterion:***

**6.1** The company shall not engage in or support the use of corporal punishment, mental or physical coercion, and verbal abuse.

## **7. WORKING HOURS**

### ***Criteria:***

**7.1** The company shall comply with applicable laws and industry standards on working hours. The normal workweek shall be as defined by law but shall not on a regular basis exceed 48 hours. Personnel shall be provided with at least one day off in every seven-day period. All overtime work shall be reimbursed at a premium rate and under no circumstances shall exceed 12 hours per employee per week.

**7.2** Other than as permitted in Section 7.3 (below), overtime work shall be voluntary.

**7.3** Where the company is party to a collective bargaining agreement freely negotiated with worker organizations (as defined by the ILO) representing a significant portion of its workforce, it may require overtime work in accordance with such agreement to meet short-term business demand. Any such agreement must comply with the requirements of Section 7.1 (above).

## **8. REMUNERATION**

### ***Criteria:***

**8.1** The company shall ensure that wages paid for a standard working week shall always meet at least legal or industry minimum standards and shall be sufficient to meet basic needs of personnel and to provide some discretionary income.

**8.2** The company shall ensure that deductions from wages are not made for disciplinary purposes, and shall ensure that wage and benefits composition are detailed clearly and regularly for workers; the company shall also ensure that wages and benefits are rendered in full compliance with all applicable laws and that remuneration is rendered either in cash or check form, in a manner convenient to workers.

**8.3** The company shall ensure that labour-only contracting arrangements and false apprenticeship schemes are not undertaken in an effort to avoid fulfilling its obligations to personnel under applicable laws pertaining to labour and social security legislation and regulations.

## **9. MANAGEMENT SYSTEMS**

### ***Criteria:***

#### ***Policy***

**9.1** Top management shall define the company's policy for social accountability and labour conditions to ensure that it: a) includes a commitment to conform to all requirements of this standard; b) includes a commitment to comply with national and other applicable law, other requirements to which the company subscribes and to respect the international instruments and their interpretation (as listed in Section II); c) includes a commitment to continual improvement; d) is effectively documented, implemented, maintained, communicated and is accessible in a comprehensible form to all personnel, including, directors, executives, management, supervisors, and staff, whether directly employed, contracted or otherwise representing the company; e) is publicly available.

#### ***Management Review***

**9.2** Top management shall periodically review the adequacy, suitability, and continuing effectiveness of the company's policy, procedures and performance results vis-a-vis the requirements of this standard and other requirements to which the company subscribes. System amendments and improvements shall be implemented where appropriate.

#### ***Company Representatives***

**9.3** The company shall appoint a senior management representative who, irrespective of other responsibilities, shall ensure that the requirements of this standard are met.

**9.4** The company shall provide for non-management personnel to choose a representative from their own group to facilitate communication with senior management on matters related to this standard.

#### ***Planning and Implementation***

**9.5** The company shall ensure that the requirements of this standard are understood and implemented at all levels of the organisation; methods shall include, but are not limited to:

a) clear definition of roles, responsibilities, and authority; b) training of new and/or temporary employees upon hiring; c) periodic training and awareness programs for existing employees; d) continuous monitoring of activities and results to demonstrate the effectiveness of systems implemented to meet the company's policy and the requirements of this standard.

#### ***Control of Suppliers/Subcontractors and Sub-Suppliers***

**9.6** The company shall establish and maintain appropriate procedures to evaluate and select suppliers/subcontractors (and, where appropriate, sub-suppliers) based on their ability to meet the requirements of this standard.

**9.7** The company shall maintain appropriate records of suppliers/subcontractors (and, where appropriate, sub-suppliers') commitments to social accountability, including, but not limited to, the written commitment of those organizations to: a) conform to all requirements of this standard (including this clause); b) participate in the company's monitoring activities as requested; c) promptly implement remedial and corrective action to address any non-conformance identified against the requirements of this standard; d) promptly and completely inform the company of any and all relevant business relationship(s) with other suppliers/subcontractors and sub-suppliers.

**9.8** The company shall maintain reasonable evidence that the requirements of this standard are being met by suppliers and subcontractors.

**9.9** In addition to the requirements of Sections 9.6 and 9.7 above, where the company receives, handles or promotes goods and/or services from suppliers/subcontractors or sub suppliers who are classified as home workers, the company shall take special steps to ensure that such home workers are afforded a similar level of protection as would be afforded to directly employed personnel under the requirements of this standard. Such special steps shall include but not be limited to: (a) establishing legally binding, written purchasing contracts requiring conformance to minimum criteria (in accordance with the requirements of this standard); (b) ensuring that the requirements of the written purchasing contract are understood and implemented by home workers and all other parties involved in the purchasing contract; (c) maintaining, on the company premises, comprehensive records detailing the identities of home workers; the quantities of goods produced/services provided



and/or hours worked by each home worker; (d) frequent announced and unannounced monitoring activities to verify compliance with the terms of the written purchasing contract.

***Addressing Concerns and Taking Corrective Action***

**9.10** The company shall investigate, address, and respond to the concerns of employees and other interested parties with regard to conformance/non-conformance with the company's policy and/or the requirements of this standard; the company shall refrain from disciplining, dismissing or otherwise discriminating against any employee for providing information concerning observance of the standard.

**9.11** The company shall implement remedial and corrective action and allocate adequate resources appropriate to the nature and severity of any non-conformance identified against the company's policy and/or the requirements of the standard.

***Outside Communication***

**9.12** The company shall establish and maintain procedures to communicate regularly to all interested parties data and other information regarding performance against the requirements of this document, including, but not limited to, the results of management reviews and monitoring activities.

***Access for Verification***

**9.13** Where required by contract, the company shall provide reasonable information and access to interested parties seeking to verify conformance to the requirements of this standard; where further required by contract, similar information and access shall also be afforded by the company's suppliers and subcontractors through the incorporation of such a requirement in the company's purchasing contracts.

***Records***

**9.14** The company shall maintain appropriate records to demonstrate conformance to the requirements of this standard.

## Appendix 2: Management Interview Guide

1. **Presentation of the company**
  - What is the company producing?
  - How long has the production been going on?
  - How many employees work for the company? (Gender division; Labour turnover)
  - Which countries do you work/trade with?
  - With which companies do you work/trade? Please list your major clients.
2. **What is your role within the company?**
  - Responsibilities/Duties
3. **What codes of conduct/standards are you following?**
4. **What were the major reasons for implementing this code of conduct/standard?**  
E.g. competitive advantage, social concern, benefits from the implementation, cost reasons, buyer requirement.
5. **When & how did you commence the implementation?**
  - Are you following a roadmap?
6. **Where are you now in the implementation process?**
  - How many audits have you had so far? What were the major findings?
7. **What major obstacles did you face during the implementation?**  
E.g. infrastructure investments (toilets, emergency exits, safety equipment etc.), certification cost (incl. audits), consulting costs, labour costs (education, medical care, transport etc.)
8. **What major benefits have the implementation led to?**  
E.g. a more effective production, competitive advantage, a more effective management system (information, complaint handling), a more safe working environment (health & safety, training etc.), an improved worker morale
9. **Are you using SA8000 in your marketing strategies?**
10. **Has the standard made any changes in the relationship with your workers?**
11. **Where are you heading in a time perspective of 3-5 years?**

## Appendix 3: Workers' Interview Guide

1. **Presentation of the worker** (will be confidential)
  - What is your background, school, family, age etc?
  - How long have you been working for the company?
  - What is your position in the company and how much do you earn?
2. **Do you know what codes of conduct/standards your company is certified with?**
  - What do you know about SA 8000 or the other codes of conduct?
  - How did you learn about it?
3. **Were you involved in the implementation of SA8000?** (workers committee, training programme)
4. **How do you communicate with the management?** (workers committee/trade union)
  - When was the last meeting & what decision was taken?
  - What is the management view of the committee?
5. **Have your daily tasks improved after the implementation of SA8000.**
  - In what ways? Which are the 3 most important factors?
    - (    ) working hours
    - (    ) over time
    - (    ) payment
    - (    ) working conditions (e.g. fire exits, ventilation etc.)
6. **What is positive/negative in your workplace?**





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